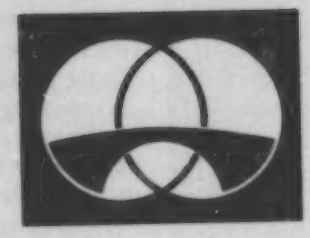
Special Issue

COOPERATION SOUTH



New Directions

TCDC

Technical Cooperation among Developing Countries

May 1995

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COOPERATION SOUTH

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Message from the Director

I am pleased to introduce this special issue of *Cooperation South*, the publication of which has been timed to coincide with the convening of the ninth session of the High-level Committee (HLC) on TCDC, 30 May - 2 June 1995.

This issue brings together a wide range of articles written by representatives of government, UN organizations and agencies, academia and the NGO community. It therefore offers a rich cross-fertilisation of ideas on various aspects of TCDC. Specifically, the issue features a mix of articles on the broad themes of TCDC and South-South cooperation in general, and particular topics such as urban management in the context of the preparations for Habitat II, Social Funds and TCDC-INRES. It also presents relevant statistical information highlighting a number of salient aspects of TCDC.

In contrast to previous regular issues of *Cooperation South*, which have carried popular stories with photographs depicting various TCDC activities, with this issue, as with the last one, we are seeking to convert the magazine into a more serious vehicle for the exchange of ideas on substantive development issues. By fashioning the magazine to include some of the features of a professional development journal we hope to establish its reputation as a vehicle for serious debate on a wide range of issues relevant to the promotion and implementation of TCDC. At the same time, in order to serve the needs of a variety of readers, balance will be maintained by featuring some articles of popular interest. We therefore trust that this second special issue of *Cooperation South* will attract the interest of a wide cross-section of members of the international development community engaged in the promotion of TCDC and South-South cooperation, as well as readers among the public at large.

Denis Benn

Denis Benn, *Director*
Special Unit for Technical Cooperation
among Developing Countries (SU/TCDC)

TCDC: New Directions

In response to UN General Assembly Resolution 49/96, the Special Unit for TCDC this year undertook a special initiative to prepare an in-depth paper on "New Directions for Technical Cooperation among Developing Countries" for submission to the ninth session of the High-level Committee (HLC) on the Review of TCDC in May 1995. Here,* Denis Benn, *Director of the Special Unit, offers an overview of some of the main arguments presented in the paper.

Technical Cooperation among Developing Countries (TCDC), like Economic Cooperation among Developing Countries (ECDC), emerged during the 1970s as an attempt to increase horizontal exchanges among the developing countries. It was both a strategy for accelerating the development of these countries and a means of promoting their more effective integration within the international economic system which had, historically, been characterised by a predominance of North-South exchanges. The concept, which was formulated in the context of deliberations within the Non-Aligned Movement and the Group of 77, was subsequently endorsed in a number of UN General Assembly resolutions adopted during the 1970s. It was ultimately given its most definitive expression in the Buenos Aires Plan of Action, adopted by the UN Conference on TCDC held in Buenos Aires from 30 August to 12 September 1978.

Since the adoption of the Buenos Aires Plan of Action, a number of important initiatives have been carried out by governments, as well as by the UN system, to further the objectives of TCDC. However, despite these efforts, TCDC has still not been optimally applied by either governments or the UN system and has therefore not fully realised its true potential.

Of special importance is the fact that, while TCDC continues to be a valid concept, fundamental changes have occurred in the international economic system since the late 1980s. This has made it necessary to revisit TCDC in order to ensure that it remains relevant to the changing needs of the developing countries as they seek to adapt to the new structure of international economic relations. Among other things, this new structure is characterized by the globalization of markets and production structures in the context of increased emphasis on creation of a liberalized international trading regime.

In recognition of this need, the UN General Assembly, in resolution 49/96 dealing with the proposed Conference on South-South Cooperation, requested the High-level Committee on the Review of TCDC to include an item entitled "New Directions for TCDC" on the agenda of its ninth session, 30 May to 2 June 1995. Accordingly, UNDP's Special Unit for TCDC (SU/TCDC) has prepared a comprehensive report on the subject for consideration by the Committee.

Based on a review of the salient features of TCDC as it has evolved since the Buenos Aires Plan of Action, the report proposes that, in terms of its substantive policy and operational thrust, TCDC should be reoriented to focus on strategic initiatives that would have a major development impact on a large number of developing countries. Moreover, it recommends that, in the future, the main areas of focus for TCDC should include: trade and investment; debt; environment; poverty alleviation; production and employment; macroeconomic policy coordination and management.

Some strategic initiatives that have already been identified for possible support by SU/TCDC include the implementation of the Small Island Developing States' Technical Assistance Programme (SIDS/TAP), designed to operationalise the Barbados Programme of Action on the Sustainable Development of SIDS; the follow-up to the Conclusions and Recommendations of the Asia-Africa Forum held in Bandung, Indonesia in December 1994; and the proposed technical cooperation exchanges between countries in Latin American and the Commonwealth of Independent States.

The emphasis on strategic initiatives is not intended to imply that, in the future, SU/TCDC will not respond to imaginative activities that are considered important in themselves, as it will be necessary to retain flexibility in order to respond to creative initiatives. However, in terms of its main programme orientation SU/TCDC will place more emphasis on strategic initiatives in order to increase the development impact of TCDC activities.

A central element in the "New Directions" agenda that SU/TCDC will seek to promote is the forging of increased operational linkages between TCDC and ECDC. This was, in fact, one of the original objectives, as conceived in the Buenos Aires Plan of Action and other relevant resolutions of the UN General Assembly. This approach will enable TCDC to serve as a critical instrument in the service of broader economic cooperation schemes among developing countries.

The attempt to chart new directions for TCDC will necessarily involve a reorientation of existing activities, as well as the pursuit of entirely new initiatives. In respect of the former, the Capacity and Needs Matching Exercises will be restructured and improved. TCDC focal points will be strengthened and TCDC/INRES will be expanded into a multidimensional information system, containing information not only on institutional capacities but also select expertise, centres of excellence and successful programme and project experiences, capable of replication in other countries. In terms of new initiatives, a conscious effort

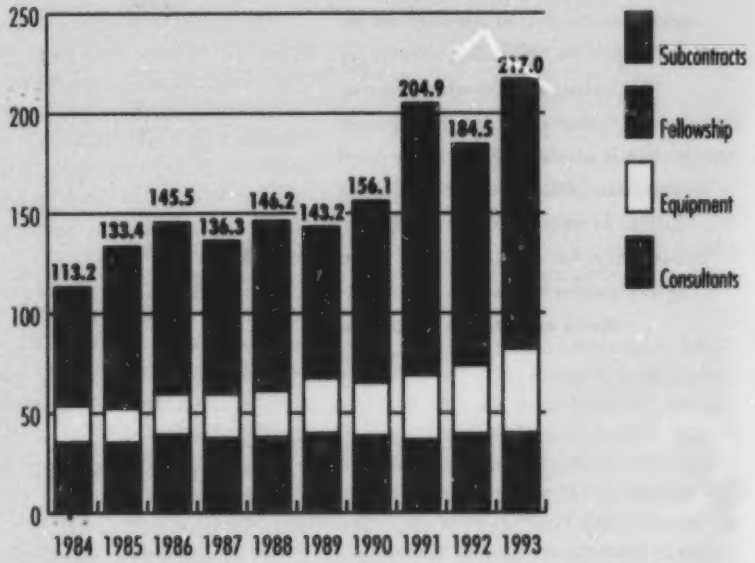
will be made to promote new TCDC "products" which have the potential to attract funding from donors by virtue of their intrinsic importance.

The successful implementation of a New Directions strategy will clearly depend on the existence of appropriate institutional arrangements within governments as well as within the UN system. For this reason, a comprehensive review will need to be carried out to determine the changes that might be necessary in order to promote a dynamic TCDC programme consistent with the challenges facing the developing countries.

Similarly, the provision of adequate funding remains central to the realization of the objectives of the New Directions agenda. It is proposed, therefore, that apart from the allocation of resources by national governments and the utilisation of a proportion of national UNDP indicative planning figures (funds earmarked by UNDP for each of its programme countries), the resources allocated for TCDC during the next UNDP programming cycle should be substantially increased. Emphasis will also be placed on the promotion of "triangular funding" arrangements, under which donors will be encouraged to fund TCDC exchanges in specific areas.

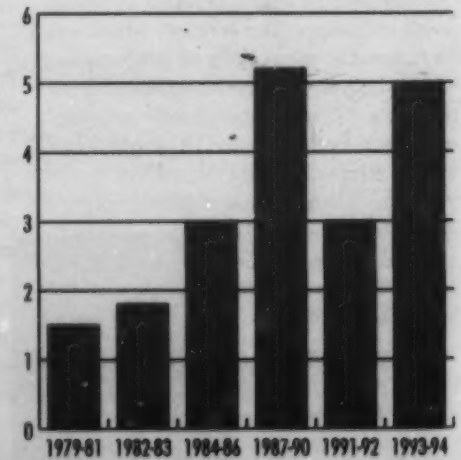
One of the major premises of the New Directions report is that, given the changing dynamics of traditional multilateral development cooperation, TCDC and South-South cooperation in general are likely to assume increased importance in the future. We in SU/TCDC are committed to ensuring that TCDC fulfills its full promise and potential to serve as a dynamic instrument in the service of development and as a means of ensuring that the developing countries become effective participants in shaping the emerging global economic order that will have such important consequences for their future development prospects. ◆

PROGRESS IN THE USE OF TECHNICAL RESOURCES OF DEVELOPING COUNTRIES IN UNDP FIELD PROGRAMMES— A 10-YEAR RECORD



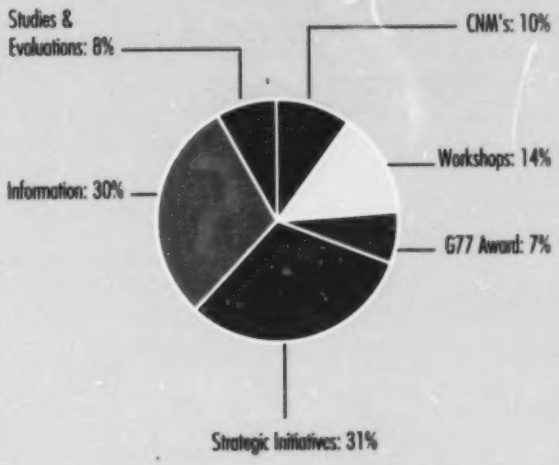
Greater use of the technical resources of the South in traditional technical cooperation programmes has been pursued by UNDP and the UN development system for about two decades. Information about this is provided regularly in the annual report of the Administrator. National consultants and UN volunteers are largely from the South but account for a very small percentage of field programme expenditure. Four other categories — namely, international consultants, subcontracts, supply of equipment and fellowships and training — account for over 90 per cent of all field expenditure. The relative funding in these four categories is given in the table above.

HISTORICAL GROWTH OF PROGRAMME RESERVE (PR) AND SPECIAL PROGRAMME RESOURCES (SPR) ALLOCATIONS FOR TCDC PROMOTIONAL ACTIVITIES



# of UNDP Resources for TCDC

TCDC ACTIVITIES
SUPPORTED BY SPR ALLOCATIONS 1993-1994



Sub-programme I

- *Capacities and Needs Matching (CNM) exercises (5): $750,000.*
- *Subject-specific regional and inter-regional workshops (37): $2.2 million.*

Sub-programme II

- *Support to networks: $410,000.*

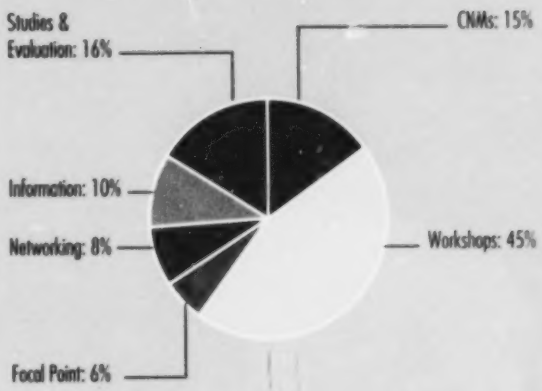
Sub-programme III

- *Studies and evaluations (9): $800,000.*

Sub-programme IV

- *Sensitisation programmes (5) and regional meetings of TCDC Focal Points (5): $320,000.*
- *Publication of brochures, documents, capacity compendia and magazines: $520,000.*

TCDC ACTIVITIES
UNDER SPR SUBPROGRAMMES
1995 Commitments



Highlights

Commitments are made for activities in hand and to be undertaken in 1995, many of which will continue into 1996. The estimates, with carry-over from 1994, are for $4 million.

Six new strategic initiatives are:

- Instituting the G-77 TCDC/ECDC Award;
- Supporting cooperation on economic restructuring in Eastern Europe and Central Asia, with countries of Latin America and the Caribbean;
- Supporting Fourth World Conference on Women in Beijing;
- Supporting Conference on South-South Cooperation;
- Urban management study for Habitat Conference;
- Supporting South Centre.

Some ongoing strategic initiatives will be continued:

- Border country cooperation in Latin America;
- Africa-Latin America research cooperation initiative;
- Contribution to ASEAN-Africa cooperation;
- Pacific Basin Initiative in Latin America;
- Technical assistance planning for Small Island Developing States (SIDS);

Some new publications, available during the meeting of the High-level Committee (HLC) May 1995:

- Buenos Aires Plan of Action (BAPA) (with a new Introduction)
- Basic TCDC Documents
- TCDC: From Concept to Action
- TCDC Manual

Chronology of Key Developments

- **1979:** *UNDP's Governing Council authorises allocations for TCDC from Programme Reserve. Administrator allocates $1.5 million to 1981.*
- **1981:** *Administrator allocates $1.8 million from PR for the first two years, 1982 and 1983, of UNDP's third programming cycle (1982-1986).*
- **1983:** *First SPR allocation of $600,000 made and two projects prepared for "promotion of TCDC" and "information support."*
- **1984-86:** *The two projects use about $3 million.*
- **1987:** *Fourth cycle (1987-1991) SPR allocation is $5 million for promotional activities and $1.8 million for information support. The "promotion of TCDC" project is continued and a new "information support" project prepared.*
- **1987-90:** *Actual utilisation of funds for four years under the two projects is approx. $5.2 million.*
- **1991:** *Fifth cycle (1992-1996) allocation is proposed at $15 million. It is reduced to $10.5 million and funds carried over from the previous cycle are $2.75 million.*
- **1991-92:** *Activities are undertaken under two umbrella projects and utilisation is about $4 million.*
- **1993-94:** *Four new sub-programmes are prepared for the fifth cycle and activities in the first two-year biennium utilise approximately $5 million.*

This analysis of UNDP's support to TCDC was prepared by A.M.A.Muhith, senior development adviser and former Minister of Finance and Planning of Bangladesh.

Taking Stock: TCDC Evaluation Study

This year, midway through the UNDP Fifth Cycle (1992-96), the Special Unit for TCDC turned the spotlight on itself to review TCDC activities implemented using Special Programme Resource (SPR) funding. The Mid-Term Evaluation Study was carried out under the provisions of the SPR Programme for TCDC approved by the UNDP Governing Council in 1992.

In this article, prepared for Cooperation South, Abul Maal Muhith of Bangladesh, Evaluation Study team leader, and associate Anthony Whittingham of Canada report on their findings.

For the cynics, who like to scoff at the sustained viability of TCDC, and the skeptics, who wonder whether the method is still even in practise, there is fresh news from the southern front: TCDC is alive and well in the reconstructed world of the 1990s.

A broad survey of more than 50 participating countries — enriched by on-site field visits to a selected group of seven — confirms that TCDC remains widely regarded as a viable and valuable engine for economic cooperation and development among countries of the South. Indeed, as South-South cooperation continues to grow, it is assuming the dimensions of a parallel form of assistance and skills-transfer in tandem with traditional forms of cooperation with countries of the North.

In addition, the survey showed, the range of intercountry and interregional "Southern" cooperation modalities (involving at least one developing country as the net "beneficiary") has mushroomed in the 1990s into a wide array of permutations and combinations — from bilateral South-South arrangements, to multilaterally-assisted South-South agreements, and more recently, to "triangulated" South-North-South frameworks. In this vigorous new environment encouraging cooperation, there is ample room for many forms of TCDC assistance, with each intervention playing a valuable role — from direct operational activities to front-end support of a promotional and/or catalytic nature.

These impressions are among many drawn from the findings of a two-month evaluation study carried out this year to review the status of TCDC activities under UNDP's Special Programme Resources (SPR) allocations at mid-point in the Fifth Cycle (1992-96). Under the guidelines for SPR allocations set out in 1992, funding of $12.5 million was earmarked to support specified areas of promotional and catalytic TCDC activities in the ensuing five-year cycle, or about $2.5 million per year. Drawing on nearly a decade of UNDP involvement in TCDC activities, these areas, or "sub-programmes," were chosen for the effective catalytic role they had played, up to that point, in promoting technical exchanges between developing countries. Under the SPR sub-programmes, the activities designated for funding — and hence for review by the evaluation study — were as follows:

- Subject-specific workshops and meetings;
- Capacities and Needs Matching (CNM) exercises;
- Sensitization and training;
- Information dissemination, including operation of the TCDC-INRES data-base;
- Studies and evaluations;
- Enhancement of national capacities;
- TCDC Special Unit: Reviewing the Record.

The evaluation study was commissioned by the Special Unit for TCDC (SU/TCDC). As the UNDP body responsible for TCDC, the Unit was mandated to complete an evaluation of its performance in implementing the SPR sub-programmes and to report the findings, by outside consultants, to the UNDP Executive Board.

The stated purpose of the mid-term evaluation was to review the overall SPR TCDC Programme and to assess whether the sub-programmes contained within it were achieving the objectives set out for them; whether the objectives reflected genuine needs and remained relevant; whether the activities were well designed and properly managed; and whether the activities resulted in beneficial downstream outputs.

The evaluation process was structured in an effort to gain as comprehensive an assessment as possible. The key components involved compiling statistics — including categories of projects and levels of funding

— reviewing the output of activities and surveying the opinions of primary actors in the TCDC process. Opinion-gathering involved three basic sources: 1) UNDP officials both at headquarters and in the field; 2) government focal points at the national level and other national actors (NGOs, training institutes and other elements in civil society); and 3) institutions and individuals participating directly in the TCDC process. The attitude survey, by necessity and design, was more qualitative than quantitative. It was conducted through targeted questionnaires and augmented by field visits to countries in the four UNDP regions, chosen for their levels of experience with the TCDC process. The field visits, numbering seven, included the following countries: in the Latin America and Caribbean Region — Venezuela; in Europe and the Midddle East — Turkey; In Africa — Ethiopia and Nigeria; and in Asia and the Pacific — India, Indonesia and Thailand.

Highlights of the SU/TCDC evaluation study can be separated into three broad categories of findings. These entail, first, the scope and extent of SPR-funded TCDC activities during the review period; second, a review of external factors which tend to promote or impede the application of the TCDC process or modality; and third, observations and recommendations for strengthening the impact of South-South technical exchanges by modifying or improving the TCDC modalities supported by UNDP and/or the UN system as a whole.

First, the study found that the scope and extent of technical cooperation activities occurring today is almost certainly at an all-time high. It is impossible to provide an exact picture of the total volume of technical cooperation currently under way from one developing country to another, as reporting requirements and centralized monitoring do not exist to track bilateral cooperation programmes on a country-by-country basis. At the very least, present day South-South technical cooperation activity carried out on a bilateral basis represents funding of hundreds of millions of dollars in the form of inter-South transfers between "provider" and "beneficiary" countries.

With this in mind, it is important to note the traditional separation under the SPR Programme between "operational" technical cooperation activities, as distinct from "promotional" or "catalytic" TCDC projects. The first typically involves exchanges initiated directly between countries on a bilateral basis within the context of the participating countries' respective national development programmes. It also includes a number of operational technical cooperation activities supported by the UN Development System (UNDS), particularly in regional programmes. Together, these represent by far the greatest volume of South-South cooperation activities under way at the present time. The second category involves specific activities and funding mechanisms of organizations of UNDP. Of these, the most important and extensive are the TCDC sub-programmes of the SPR, which provided the focus of the 1995 mid-term evaluation.

Turkey offers a good illustration of the difference between bilateral TCDC activities and TCDC activities supported by UNDP. Rapidly advancing as a newly industrialized country, Turkey has stepped up its involvement in cooperation activities on a bilateral basis as well as through TCDC activities supported by UNDP. During the reporting period (1993-94), the Turkish government committed over $73 million to support direct South-South bilateral TCDC programmes. By comparison, Turkey's UNDP TCDC activities during the same period entailed SPR funding of about $250,000. Although small in comparison to the bilateral figure, this represents an increase in catalytic activities supported by the TCDC Unit, facilitating sub-programme activities and paving the way for a number of operational activities which placed Turkish trainers and other experts in contact with dozens of counterparts in other developing countries.

Developing Countries: The New Breed of Donors

Similar trends in funding support for bilateral projects can be seen among many developing countries with economic and technical profiles similar to Turkey's. Key factors include a rapid pace of modernization, the development of national centres of excellence and a growth in output — all of which enable countries to dedicate resources to TCDC. Today, a growing number of middle- and even low-income developing countries, such as Argentina, Brazil, Chile, China, Egypt, India, Indonesia, Malaysia, Mexico, Nigeria, Pakistan, Thailand, and Venezuela — although still recipient countries in global economic relations — now have the capacity to serve as providers in the process of TCDC. Extending this trend still further, former developing economies such as Singapore and South Korea are now so broadly advanced that they have graduated almost exclusively to provider status.

Although outside the scope of the SPR TCDC Programme evaluation, the sizeable level of technical cooperation activity currently under way among developing countries through bilateral channels provided the evaluation team with valuable insights into the overall TCDC process and served to validate the legitimacy of TCDC as a desirable and cost-effective operational modality in active use under actual marketplace conditions.

In addition to cooperation activities between developing countries on a direct bilateral basis, the evaluation study confirmed broad support for the TCDC modality from a variety of additional sources. Foremost among these is the United Nations system as a whole, whose many agencies, departments and commissions — separate from UNDP — are active in support of a wide range of TCDC activities, many at the

regional or sub-regional level, with activities extending beyond the sub-programmes and financial resources allocated under the SPR mechanism. Drawing from the precedent established by Indonesia in 1980, UNDP support for TCDC continues to be significantly enriched by the use of funds from country indicative planning figures (IPF). Using this mechanism, more than 30 countries now have in place a TCDC "umbrella programme," with additional funding provided through intercountry IPFs for regional projects. Indeed, while funding for SPR activities was estimated at $5 million during the 1993-94 biennium, the total of UNDP-funded TCDC activities during the period — largely with funding channeled through national and intercountry IPF allocations — was provisionally estimated at close to $35 million.

SPR Funding: Carving up the Pie

In assessing SPR activities undertaken during the three-year review period, the evaluation study found that activities were carried out under all the sub-programmes specified for the fifth cycle, as set out earlier in this report. Some activities in the first year under review, 1992, were supported under two ongoing projects carried over from the fourth cycle. Total SPR expenditures of nearly $8 million represented the budgeted amount for the 1992-94 period.

As expected, there were wide variations in expenditures from one sub-programme to another. By far the largest allocation fell under the first sub-programme, consisting of workshops and Capacities and Needs Matching (CNM) exercises, with combined funding of nearly $5 million, or 60 per cent of the total. Other areas of SPR activity included sensitization and training exercises, representing about 11 per cent of the budget, preparation and dissemination of information — including the new INRES-Lite TCDC data-base — at just over 10 per cent, support for studies and evaluations at the national and regional level, at about 12 per cent of the total and, finally, activities promoting the enhancement of national capacities, including support for network-creation, which received just under eight per cent.

Of all the activities under the SPR, the most logistically intensive and 'user-interactive' are unquestionably the subject-specific workshops and CNM exercises, as these bring about face-to-face meetings among experts from groups of developing countries and facilitate tangible agreements for specific cooperation projects. These two categories — especially CNMs — play a direct catalytic role in bringing about cooperation agreements, making them closer to "operational" activities than any other TCDC programme under the UN development system. During the three-year period under review, the SPR Programme supported a total of 63 workshops, bringing together hundreds of experts for the purpose of discussing shared experiences — and, it is hoped, replicating common solutions — in diverse subjects ranging from aid management to medicinal plants. During the same period, 11 CNM exercises — complex undertakings involving up to a year of preparation and two-to-three years of follow-up — brought together several dozen countries and generated over 2,000 agreements to engage in specific projects of bilateral cooperation, most typically in job-training and skills-transfer.

Judging from the disbursement of SPR funds and the range of activity levels during the three-year period under review, the evaluation study had no difficulty in concluding that the TCDC Special Unit — together with the UNDP field network — had done a thorough job in capturing the spirit of the SPR mandate and translating it into a concrete plan of action.

Notwithstanding the high marks for programme execution, other evaluation findings pointed to areas in need of improvement and rethinking. Why, for example, were discussions at workshops frequently not acted upon, or successful solutions for comparable situations not replicated from one country to another? In the case of CNMs — which, over the years, have generated thousands of bilateral agreements in technical cooperation — why has the actual rate of implementation not exceeded 40 per cent?

And there is INRES, the unique database profiling technical and institutional capabilities throughout the developing world and now available — free — in Windows software for distribution to individual work-stations throughout the world. Yet, as the study found in the countries included in the field visits, few individuals or organizations at the national level appear to be taking advantage of this resource. The evaluation team found this surprising in view of the new "user-friendly" format adopted by the INRES-Lite computerized software currently in the "try-out" phase following its world-wide distribution in late 1994.

In assessing results, there is yet a larger, more over-arching, question concerning the "success" of the TCDC programme. There have been many instances over the years in which agreements have been successfully concluded and technical skills-transfers fully carried out under the SPR TCDC Programme. In the cases where this occurred, however, what was the actual downstream result? Did a CNM agreement, for example, have a direct impact on harvest yields, or workshop findings help increase output at the factory floor? Did a TCDC study assist in the alleviation of village poverty levels, for example, or a sensitization exercise assist in a lessening of environmental degradation? Looking at the SPR TCDC Programme overall, have TCDC promotional activities contributed in any way to an expansion in trade or a spurt in investment flowing from one developing country to another?

In the case of these downstream impacts of technical cooperation activities — beyond a mere tally of the number of work-

a head-count of those attending aluation study found itself in a tight ystematic exploration of "impact," growth in TCDC to downstream as simply impossible. The best that obtained was random episodic based on sketchy responses from untry offices and national govern- he reason for this is that impact- ment was not built into the design p of the SPR programmes in the e. Mechanisms for monitoring, and following-up on the down- pact of upstream inputs have not put into place.

Slip 'Twixt Cup

ort, the "negative" findings of the n study arose largely from matters o "structure" and "process". As the served, the TCDC modality, as pro- d practised by the UN develop- em, contains a number of inherent ns of a structural nature which pects of the process vulnerable to es and limitations.

as noted above, the modes of in- n by the TCDC Special Unit are xclusively promotional and cata- pposed to operational. The study d that several factors explain and is choice of modality. Foremost is of funding. At a time of increasing y constraints, UNDP lacks the re- o play a major role in financing the essary to underwrite a widespread me of operational TCDC. Addition- is the matter of traditional orien- d inertia. Resources of donor — bilateral more than multilateral nsidered suitable for traditional cooperation activities and TCDC lality is seldom considered. With donors, the concept of the tying of when it is not explicitly applied, against TCDC. Moreover, despite able progress, the capacities of the d their centres of excellence are not well known or universally accepted. Additionally, there is the matter of jurisdiction and sovereignty. While valuing UN — or other multilateral — assistance, many countries do not wish bilateral decisions and priorities to be influenced by external multilateral bodies.

Because the SPR-funded programmes stop short of providing operational support, UNDP has no direct responsibility, nor interventionary role, in the important areas of follow-up and monitoring. This systemic weakness is possibly the greatest shortfall of the SPR TCDC Programme. Under the SPR Programme, CNMs are held, workshops are completed, networks are formed and the TCDC-INRES data-base is prepared and made easily accessible. But, in the view of both UNDP country offices and national focal points, there is still insufficient follow-up on accords made at CNMs, the monitoring of technological advances documented in workshops needs further improvement, support for the replication of experiences or systems discussed in the meetings needs to be increased and the campaign to popularize TCDC-INRES and make it more widely known needs to be further stepped up.

What seems clear is that the traditional delineation between promotional and operational activities, as set out in the SPR Programme, serves to limit the extensification and mainstreaming of the TCDC process. In the end, the inability of UNDP to engage in longer-term involvements and the restriction of TCDC activities to one-off commitments frequently have the effect of cutting off support just when it is needed most. This is particularly true in the case of less developed countries, where weakness in national capacities and institutions makes recourse to the resources of UNDP all the more valuable.

As a final structural impediment, the study took due note of the fact that UNDP can take action only to the extent that its partners in development want it to. The tripartite relationship set out in the Consensus of 1970 remains the basis of all UNDP interventions. For this reason, even though "national capacity strengthening" is set out explicitly as an element of the SPR TCDC Programme, UNDP has no authority to unilaterally require a given country to take a special interest in TCDC activities. Further, the UN development system has no authority to insist that government liaison offices ("focal points") act according to hoped-for standards of competence and commitment, that they coordinate efforts with other government agencies, or even that they reside in government departments with the appropriate institutional linkages to act in an effective manner. UNDP can offer encouragement and support, but the ultimate decision to commit to the TCDC process remains at the national level.

Taking these structural difficulties into account, the SPR TCDC evaluation study noted a number of weaknesses at the operational level which serve as barriers to the TCDC process:

Within the UN system itself, overall support and awareness of the TCDC process continues to be weak and often misunderstood. Wherever this is the case — especially in the country offices — it generally translates into a less than commited effort in harnessing the TCDC modality. The study found wide variances in the TCDC awareness level on a country-by-country basis.

Corresponding support at the government level is, at best, a hit-and-miss proposition. Survey results showed a veritable galaxy of focal point characteristics — including strong officials in weak ministries, weak officials in strong ministries, strong combinations dedicated to bilateral rather than UNDP programmes and so on. This lack of consistency is compounded by the fact that, with notable exceptions, the articulation of TCDC policies at the national

level is generally weak and the commitment to TCDC often vague. Because knowledge, commitment and support by strong government focal points can make all the difference to a successful TCDC programme, a continued emphasis on on-the-ground training and sensitization by the TCDC Special Unit remains an important priority.

Issues of funding continue to be a sticking point, especially in the implementation of agreements reached in good faith at CNM meetings. The proliferation of responsibilities for TCDC in national governments, together with separate funding arrangements, serves to make the delivery system unwieldy. Although post-CNM follow-up falls outside the scope of the SPR Programme, CNM organizers could increase the chances for more successful results by ensuring that agreements reached between countries are both realistic and explicit in setting out the terms for follow-up funding, including air travel, per diems and other incidental living expenses. UNDP can also play a role in this process through the allocation by individual countries of IPF funds in support of downstream cooperation activities.

Across the board, follow-up issues remain a persistent impediment to the successful implementation of TCDC activities initiated under the SPR sub-programmes. In addition to the funding issues described above, follow-up also entails designating a specific body to assume responsibility for reminding and assisting parties to consumate CNM agreements, for disseminating information and success stories arising from workshops, and for a range of other tasks. Weak follow-up, the study found — especially through lack of guidelines or designated areas of responsibility — resulted in many otherwise excellent exchanges lying fallow or forgotten.

The Future: Making Haste Slowly

Based on the findings of the mid-term evaluation study, a number of broad conclusions were drawn about the future of the TCDC modality in the current operating environment.

Underlying everything, it is clear that the concept and operation of South-South cooperation — whether at the national, regional or interregional level — is widely accepted in today's diverse international marketplace. Further, all the evidence suggests that demand is great enough to support a variety of interventions, both operational and catalytic. It is also clear that the UNDP system, both through its SPR and IPF funding mechanisms, offers a variety of "products" of definite value to a wide range of countries in the South.

The broad conclusion of the Mid-term Evaluation Survey was that TCDC does and should play a vital role in the development activities of the UN system. While the more prosperous developing countries step up their activities in direct bilateral technical cooperation, the TCDC modality through interventions by UNDP continues to make special contributions in a wide variety of "niche" areas, especially by adding balance to the development perspective and bringing assistance to countries which might otherwise be disenfranchised through raw market forces.

At the operational level, the evaluation study concluded that the underlying thrust of the SPR TCDC Programme is sound and that the sub-programmes provide a useful mix of activities and strategic interventions. In view of the impediments described above — at both the structural and operational levels — the evaluation team concluded that certain existing practices could be improved through modification and fine-tuning.

Looking to the future of UNDP's involvement in the TCDC process, the study identified a number of conceptual framing mechanisms aimed at maximizing the impact of the UNDP system.

Within reasonable limits, SPR funding levels should be increased in the next planning cycle to allow for more ambitious — and longer-term — interventions;

UNDP should recognize its unique role as a "niche player" in the TCDC process and define its targets and interventions accordingly;

Wherever possible, UNDP interventions should contain a strategic component; this would enable longer-term involvements, linkages among a variety of activities bound by clear objectives and, in appropriate cases, the gradual shift from purely promotional to outright operational modes of activities;

Moving down the road, UNDP is in a strong position to re-focus its role from a facilitator to a source of expertise and strategic coordination in the process of technical cooperation. By drawing on its wide-ranging institutional experience and access to global information flows, UNDP should leverage its role with governments in an advisory capacity, thus adding value to the process and assisting in better overall coordination in the application of resources.

In conclusion, the evaluation study — of which this report provides a broad, vernacular summary — validated the work of UNDP and the SU/TCDC in carrying out the SPR TCDC Programme during the first half of the fifth cycle. Wherever weaknesses or impediments to the TCDC process appeared to be of a structural nature, the study took due note. In the case of procedural shortcomings, the study provided recommendations for fine-tuning and adjustment to help the programmes achieve optimum results. ◆

South-South Economic Cooperation:
Regional Trade Agreements Among Developing Countries

◂ —$US186.7 Billion— ▸

The future direction of South-South trade is examined by* Barbara R. Kotschwar *of the Johns Hopkins School for Advanced International Studies.

Increasing globalization and liberalization of trade over the past few decades has been especially marked in developing economies. The early success of the newly industrializing countries of East Asia, followed by the liberalization of formerly inwardly-oriented economies — which changed their policies of import substitution to more liberal, export-oriented ones — have led to a trade explosion in the developed world. Many developing economies, most notably those in the Latin American and Caribbean region, have jumped on the free-trade bandwagon — implementing trade policy reforms, reducing price and exchange controls, removing export taxes and controls, and lowering and unifying tariffs. The bandwagon ride, however, has not proved to be altogether smooth: resistance to free trade in the form of non-tariff barriers in the developed countries presents a poor precedent for developing country liberalization.

Given the decline in aid from the developed countries over the course of the past decade, and the improbability that new markets will open up in the industrialized world for developing country exports, countries of the South are increasingly turning towards each other. Rather than looking to the North, these countries are forming intra-regional trade pacts, which both encourage trade among members and foster the growth of a more stable and trade-oriented economic environment in each country. Currently, trade among the developing countries comprises about a quarter of total world trade: in 1990 figures, South-South trade represented US$186.7 billion out of $740 billion worldwide. With the implementation of the Uruguay Round of the GATT multilateral trade negotiations, however, this percentage is expected to decrease. According to the World Bank, developing country non-oil exports to OECD markets covered by non-tariff barriers will fall from just over 18 per cent to less than four per cent.[1] At the Group of 15 (G-15) caucus of developing countries, an official stated that although "GATT claims to foster free trade, the pact does not appear to extend to areas where the developing world has an advantage, such as textiles."

Impediments to success in South-South trade

Developing economies continue to face severe impediments to effective and expansive trade, both within the international arena and with one another. Major obstacles limiting developing countries' potential and capacity in international trade include the fact that many are still at a primary level of production. Many countries export goods similar to those of their neighbours. The economic theory of trade is predicated on the principle of comparative advantage: each country specializes in the production of goods that it can produce at a low cost relative to other products and to the cost of producing those same goods in other countries. By trading in goods in which a country has a comparative advantage, it experiences gains, both from specialization and exchange. One of the greatest difficulties in South-South trade is that neighbouring countries often produce the same goods for export. Explains Zimbabwean President Robert Mugabe, "Zimbabwe produces identical goods to Kenya and so it is difficult to trade with

Kenya. That is one of the major impediments to South-South trade."

The solution, according to Tony Hawkins, an economist at the University of Zimbabwe, is a matter of quality enhancement and industrial development. "What we basically need to do is improve our products if South-South trade is to survive...."[2] The Prime Minister of Malaysia, Mahathin bin Mohammed, adds the importance of information-sharing and cooperation. "Developing countries should get to know each others' capabilities. Information and contacts are very important if we are to overcome these obstacles."[3]

The South-South free trade area phenomenon

Against this background has emerged a "new regionalism," a move by developing countries to gather themselves together in regional trade arrangements. The history of regional trade arrangements in the developing world does not show huge successes so far. The barriers that have obstructed integration include war, border conflicts, nationalistic rivalries, policies protecting domestic producers with high tariffs, and foreign debt. The new regional linkages, however, are being carried out in a climate of increased liberalization, with integration occurring among countries that are simultaneously lowering extraregional trade barriers, thus enabling countries to capture more of the benefits of trade. The new arrangements fit with the twin objectives set out at the G-15 summit: South-South cooperation and North-South partnership, by fostering the development of the less-developed countries within the regions, while at the same time creating regional bodies with the latitude and leverage to more effectively work with the Northern countries.

Trade theory, based upon the assumptions of the Heckscher-Olin model, holds that forming a free trade area can have both positive and negative effects. When a small country accedes to a free trade arrangement or to a customs union (in which the barriers to the flow of goods and services are lowered or eliminated among members while maintaining external barriers to the rest of the world as a group), benefits are gained when the price of goods imported from the members is lower than the pre-free-trade arrangement cost of imports, which included the cost of the tariff. This effect creates trade, and improves efficiency within the economy. However, this is also accompanied by trade diversion if the imports that the country now purchases at a lower, non-tariff price, come from a country that is a higher-cost producer than a country that is not in the arrangement. This can be illustrated by an example: Countries A, B, and C — all small developing countries — enter into a free trade arrangement, lowering or eliminating their trade barriers to each other. Previously, country A imported automobiles from an external country, country X, at a price of $P_x(1 + \text{tariff})$, lower than $P_c(1 + \text{tariff})$, the price charged by country C. With the removal of import barriers among A, B, and C, P_x is now lower than $P_c(1 + \text{tariff})$, so country A buys its automobiles from country C. Country A gains by offering automobiles to country A's consumers at a lower price than previously charged. Country C will benefit from the increased demand for its exports. However, there will be a loss to country A in the form of trade diversion: rather than purchasing automobiles from the lowest cost producer, which is country X ($P_x < P_c$), country A will, in fact, be paying the difference of production between country X and country C. In addition, the government will be losing the tariff revenues previously earned on imports from country X. Logically, then, it is rational for countries to enter into a free trade arrangement with common external tariffs only if the lowest-cost producer is a member of the union. Many of the trade arrangements seen in Africa and Latin America do not fit this requirement in the major categories of goods imported.

THE GOAL OF REGIONAL COOPERATION IS TO LOWER ALL TRADE BARRIERS IN ORDER THAT EACH ECONOMY IS ABLE TO FULLY PURSUE ITS COMPARATIVE ADVANTAGE

This model, however, presents a static view of the gains from trade. Countries may in fact join a customs union even if the short-term gains may be negative, that is, if the trade diversion initially overshadows the trade creation. Compelling arguments for long-term gains from regional trade arrangements exist, which have more bearing on the circumstances of modern-day developing countries than does the static two-country/two-goods model of the benefits of unrestricted trade. Three reasons can be cited:

(1) Economies of scale: Members within the arrangements gain efficiency benefits from the enlarged market over time. Comparative advantage will determine the establishment and development of industries within the region. The goal of regional cooperation is to lower all trade barriers in order that each economy is able to fully pursue its comparative advantage, which will stimulate trade and draw in investment. Economies of scale resulting from the formation of the free trade region will attract new investment and help to spur the development of the economies of the region.

(2) Political economy argument: A group of small countries may be able, in the international arena, to act as a large entity in terms of articulating their interests. Greater engagement in the world economy by developing countries has led to increasing levels of participation in each subsequent round of GATT negotiations. Membership in regional blocks comprised of countries with similar interests vis-a-vis the North gives smaller countries more of a voice in these international negotiations.

(3) Rationalization of industrialization, or the "regional infant industry" argument. Small developing countries bind together their economies, allowing substantial trade diversion, for the purpose of fostering industrialization among their members. In a recent article published in *Finance and Development*, Patrick Low and John Nash argue that "regional integration through trade policy is an economic sideshow";[4] that regional cooperation through trade integration would be most beneficial through spillover into areas in which unilateral action would be more costly than cooperative. These areas include infrastructure, education, and environmental projects.

These arguments for regional trade arrangements, for purposes other than the explicit promotion of the free trade efficiency goals set forth in the traditional arguments of trade theory, will be explored in two contexts: the first through an examination of emerging Latin American free trade agreements, and the second through a look at African regional economic cooperation arrangements.

Latin America Leads the Way

The most vibrant example of South-South regional trade integration currently available is the Common Market of the South, or MERCOSUR — the only major customs union outside the European Union. It came into being on 1 January this year, with the beginning of a zero-tariff trade bloc among Argentina, Brazil, Paraguay, and Uruguay. With a combined population of nearly 200 million, and a combined GDP in 1994 of around $800 billion, including exports of $61.5 billion and $56 billion in imports, MERCOSUR boasts a market larger than that of Europe and the potential to capture large economies of scale, attracting foreign investment, most notably from Japan.

Since 1991, when the MERCOSUR countries began to lower their tariffs with one another, at a rate of seven per cent every six months, trade among the four has grown from $2.7 billion to an estimated $12 billion a year. Common external tariffs range from zero to 20 per cent (averaging about 14 per cent), and cover all but 15 per cent of imports from the rest of the world. Over the next 10 years, as the tariff schedule becomes harmonized, MERCOSUR will begin to seek harmonization in monetary, exchange, labour tax, and other policies.

PROTECTION MAY BE JUSTIFIED WHEN A PUBLIC GOOD EXISTS FOR WHICH THE INITIAL INVESTORS MAY NOT BE ABLE TO DIRECTLY REGAIN THEIR INITIAL INVESTMENT

In South America, MERCOSUR is largely seen as an example of how free trade can help developing countries. According to Alieto Aldo Guadagni, Argentina's ambassador to Brazil, "it's a catalyst for economic reforms," in that such an arrangement spurs developing countries to liberalize their economies, increase efficiency, and open up to international competition in order to be able to participate. The larger market, with its economies of scale, will attract greater capital investment, which will help the area become more competitive in the international market.

The MERCOSUR group is negotiating with other Latin American countries, predominantly Bolivia and Chile, to extend free trade across Latin America, and eventually to enact a Latin American Free Trade Area (LAFTA). Moreover, the Andean Pact, South America's other Free Trade Area and the MERCOSUR are meeting to discuss a merger.

MERCOSUR countries have also begun trade negotiations with the European Union: more than a quarter of the member countries' trade is with the EU. Operating as a unified group, the MERCOSUR countries anticipate greater bargaining power in regard to such sensitive issues as the EU's agricultural policy, in which all members have an interest.

New Push in Africa Bearing Fruit

The infant industry argument refers to young or unestablished industries that are unable to develop because of intense foreign competition. Sectors such as manufacturing, in which developing countries have a potential comparative advantage, cannot initially compete with well-established manufacturing in the North. Thus, the argument is that these industries should be allowed to develop under the protection of the government until they are able to compete internationally. Extending this microeconomic argument to the international trading sphere, regional trade arrangements among developing countries can offer developing industries or weaker countries the chance to develop underneath the umbrella of the larger trade organization. The same caveat applies here as in the nation-level argument: protection must end as soon as the sector, or the nation, is able to viably perform. The rationale for this sort of cooperation and protection within the African case is the same externalities argument made in trade theory to justify the protection of an industry: protection may be justified when a public good exists for which the initial investors may not be able to directly regain their initial investment. The argument is as follows: the development of the Southern African region is good for all the members. The weakest members are initially unable to provide the investment that could stimulate their development, and the larger economies would be unwilling to make the investments in these economies that could, in the longer run, prevent negative externalities, such as conflict, immigration of unskilled labour, environmental degradation and ineffective use of common resources. As balanced development benefits all, a cooperative South-South free trade area with a protective barrier to the rest of the world could stimulate the development of the weaker sectors and member states in

order to promote the growth of profitable foci of comparative advantage in the long run.

In Africa, regional trade arrangements are evolving that posit communication and coordination as a priority for regional cooperation. The Preferential Trade Area of Eastern and Southern Africa (PTA), which is undergoing a ratification process to become the Community of East and Southern Africa (COMESA), is a market of 300 million people, and includes the large economy of South Africa. The goal of this group is to break the traditional links that bind developing exporters exclusively to developed country markets and to promote cooperation and capacity among the nations of the region based on shared goals and characteristics (for example, a common need for hard currency).

Also affiliated with the PTA, the Southern African Development Coordination Committee (SADCC) was originally created by the nine independent Southern African countries in 1980 in opposition to South Africa. Upon formation, the SADCC joined the PTA with the assertion that building infrastructure and cooperation in the agricultural sector is basic to creating trade. Renamed the Southern African Development Community (SADC) in 1992, this body, to which South Africa formally acceded last August, was organized to deal with problems of equitable industrial development as well as trade. Bearing in mind previous failures of regional integration efforts in Africa, the framers of the SADCC called for a "development integration" approach, in which close political cooperation runs in parallel with economic integration, smaller members are compensated for transactions that may adversely affect them, and trade strategies are predicated on regional industrial planning.[7] Another major component of the SADC is conflict management and negotiation of political and economic disagreement. Fears on the part of its neighbours that South Africa's global reemergence would divert aid and investment from its economically weaker neighbours have been allayed by the South African government, which has placed regional cooperation at the forefront of its agenda.

The premise of the SADC is to establish competitive, export-oriented industries in the region through the establishment of a regional trade treaty that will ultimately allow the free movement of goods, services, and capital across all member states. SADC's pursuits are based on the principle that effective cooperation occurs when national interests coincide with regional goals. All members of the integration arrangement benefit from natural resource mobilization, cooperative agricultural research, and training. Regional integration through the SADC will occur through the stimulation of economies throughout the region, not through the favouring of the most competitive sectors or countries. In response to worries about the effects of South Africa's membership on the weaker economies, spokesman Kgosinkwe Moesi stated that "...you must bear in mind that with the SADC approach to integration, the interests of the weaker countries will be taken care of."[8]

In order for the regional cooperative institutions of the PTA (to become COMESA) and the SADC to work effectively, however, caution must be taken that the two do not begin to compete between themselves. The SADC's initiation of sectoral promotion and project coordination should guide this aspect of integration, while the PTA should continue with its mandate of setting the agenda for trade, guiding the economies of the area toward liberalization and the evolution of a balanced common market.

Regional Expansion offers Hope

The new approach to regional integration and cooperative development holds that short-term efficiency losses will be more than compensated by the longer-term strengthening of the economies of the region, which will ultimately benefit all. Rather than initiating regional integration efforts based upon traditional free trade theory of static efficiency gains, developing countries have begun to enter into wider and deeper development efforts based upon trade expansion, with a view to enhancing the benefits for all members. This shift away from individual static gains means that the focus of these regional trade arrangements will be first on investment in production and infrastructure for the region, and second on the liberalization of trade. Through South-South cooperation within regional trade regimes, less-developed countries can in the long term increase their welfare by developing appropriate infrastructure in areas such as transportation, communications and finance, which could foster the international competitiveness of the developing economies on an international scale. The new wave of regional integration offers hope for a more long-term and more balanced progression toward economic development for the member countries. Despite the criticisms of traditional trade theory regarding South-South free trade areas and customs unions, given the current international system, the alternative of inward orientation offers no superior solutions. ◆

FOOTNOTES

[1]Finance and Development, Washington, D.C.: The International Monetary Fund, September 1994.

[2]"Trade: Colonial Links Hinder South-South Business," Inter-Press Service, 9 May, 1994.

[3]Ibid.

[4]Patrick Low and John Nash, "The Long and Winding Road Toward Freer World Trade," Finance and Development, Washington, D.C.: the International Monetary Fund, September 1994, p. 5.

[5]Carol B. Thompson, "African Initiatives for Development: The Practice of Regional Economic Cooperation in Southern Africa," Journal of International Affairs, Summer 1992, pp. 131-35.

[6]Ian MacKenzie, Reuters World Service, 29 May, 1994.

Globalization and the Need for Coordinated Southern Policy Response

Martin Khor, ***Director of the Third World Network,*** ***discusses ways in which countries of the South can develop an effective voice to protect and promote their interests in the international system.***

Third World Network

Globalization has become a catch word of our time, and justifiably so, because it is a process that is greatly influencing the shape and nature of the development process of Southern countries.

Issues and policies that for a long time were the prerogative of Third World national governments are increasingly decided by or through international agencies such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO). International negotiations in the economic sphere (such as the Uruguay Round of GATT) or on environmental issues, such as the Conventions on Biological Diversity and on Climate Change, bind participating countries to national policy changes that have immense economic and political significance.

The recent series of major United Nations conferences on environment and development (1992), human rights (1993), population (1994), social development (1995) and women (1995) have also produced voluminous declarations and programmes of action. These may not have the same kind of legal clout as a binding international agreement, but they do have importance in setting agendas, policy frameworks and priorities.

Underlying the globalization of policy-making is the internationalization of economic, social and cultural forces and models. Transnational companies have vastly expanded their activities and markets, and now account for an overwhelming share of worldwide production and distribution. Some developing countries have been able to take advantage of this trend by expanding their own exports. Many, however, face the threat that their local industries, farms and practices will be overwhelmed by imports that are either cheaper or made more fashionable through heavy marketing. To give a simple example, breastfeeding has been significantly displaced in many developing countries by bottle feeding (an inferior and often unhealthy substitute in Third World conditions) as a result of promotion by baby-formula companies.

The information technology revolution has also facilitated the internationalization of financial activities, linking up banking systems, foreign exchange and equity markets. A fault developing in one part of the world can have widespread repercussions elsewhere. This was recently demonstrated

when three major financial problems erupted in the space of three months — December 1994 to March 1995: the Mexico peso devaluation, the Barings Bank collapse due to losses from speculation on derivatives, and the sharp fall in the US dollar in March.

The South's weak position in international fora

If there were fair participation in decision-making and in the enjoyment of benefits in the globalization process, there would perhaps be better grounds for optimism. However, there is no in-built mechanism in the international system to ensure such fairness. In fact, given the present lopsided international power structures, it is clear that major Northern governments and institutions dominate the international agencies and processes that shape the globalization process and determine its outcome.

As a result, many developing countries do not obtain a fair share of the benefits of globalization, and some actually suffer net losses.

The World Bank and IMF have powerful influence over the policies of a majority of developing countries that take their loans. As votes are weighted by equity shareholding, the governance structure of these organizations is skewed toward their major shareholders in the North. The General Agreement on Tariffs and Trade (GATT), and its successor, the WTO, are dominated by the major trading entities, with the Southern countries having a minor say.

In the UN General Assembly and various UN agencies where the system of governance favours the South (which forms the majority), there has been a downgrading of the importance of social and economic policy or implementation activities. This has been achieved by the watering down by Northern countries of the positions put forward by the Southern countries or their umbrella organization, the Group of 77 (G-77) developing countries; by the non-implementation or selective implementation of action proposals and programmes agreed upon by consensus; and by eliminating or downsizing those aspects of UN programmes that are of practical importance (such as the commodity agreements negotiated and operated under the UN Conference on Trade and Development, or UNCTAD.)

The strength of the North is based mainly on its economic power, but this is greatly enhanced by the general weakness of the South and its lack of effective coordination in negotiating fora and in international institutions. In cases where developing countries have united and put forward concrete proposals, they have been able to defend and promote their joint interests, at least to a significant degree. In cases where preparations are weak or coordination is absent, the Northern countries have been able to dominate the negotiations and policy outcomes.

This demonstrates the importance of policy coordination among developing countries, or "PCDC." Indeed, PCDC is and should be a very important component of TCDC (technical cooperation among developing countries.) Without policy coordination, Southern countries will stand to lose out in the formulation of international policy frameworks that will have important impact on their national policies. Given the present state of the world, Northern governments will strive to attain negotiating results that maximize their own interests. That these results could be at the expense of the poor in developing countries may be only a secondary consideration. It is the responsibility of each Southern country, and Southern governments working in concert, to come up with a united position to collectively defend and promote Southern interests.

The following are examples of how Southern policy coordination is needed in some negotiating fora.

Negotiations on environment and development

In the area of environment and development, the G-77 played a relatively active and effective role throughout the UN Conference on Environment and Development (UNCED) process. Assisted by some Southern non-governmental organizations and NGO networks, the G-77 was able to transform what might have been a conference focusing solely or mainly on the environment into one that linked the environment crisis to development issues such as poverty, basic human needs and inequitable international economic structures.

UNCED eventually established the principle of "common but differentiated responsibilities," by which the North, being the greater contributor to the ecological crisis, would bear the greater burden for tackling the crisis. Unfortunately, the pledges made by the North at UNCED for more aid have fallen flat. In the follow-up process, centred on the Commission on Sustainable Development, the Southern countries have to continue to coordinate their policies to protect against the erosion of the Rio principles. They must also provide continuous reminders to the North on its commitment to partnership with the South on development issues, while also promoting the transition to more environmentally sound development in the South.

In the Biodiversity Convention, the Southern countries (again aided by many Northern and Southern NGOs) have so far succeeded in retaining the links between nature conservation and development. These include the sovereign right over resources, equitable sharing of benefits from the sustainable use of biodiversity, the proper and fair treatment of intellectual property, and the recognition of the rights

The outcome of the Round was asymmetrical, with most of the benefits accruing to a few countries, and the possibility that some of the poorer countries will suffer net losses.

of farmers and indigenous people to their knowledge and their products. Southern countries under the G-77 have also pushed for a biosafety protocol to protect against the environmental and health risks of biotechnology applications, and for a fair mechanism to fund the Convention. These issues have great economic as well as ecological importance. The Southern countries' views have been opposed by some major Northern countries, and a greater degree of coordination and preparation is required in order to further the arguments of the South.

International trade and macroeconomic policies

In the area of economics, the Southern countries have not done as well. The most important negotiations of the past decade were in the Uruguay Round under GATT auspices, from 1986 to 1994. There was significant policy coordination among a sizable number of developing countries in the beginning and middle parts of the Round, resulting in spirited and effective efforts to protect Southern interests in the crucial new issues of intellectual property rights, trade-related investment measures and services. However, at the final stage, this coordination diminished, and the last years of the negotiations were dominated by a few major trading entities (mainly the US and the European Union), with developing countries having to accept their decisions. As a result, the outcome of the Round was asymmetrical, with most of the benefits accruing to a few countries, and the possibility that some of the poorer countries (especially in Africa) will suffer net losses.

The Uruguay Round redefined the scope and definition of "trade." Through the prefix "trade-related," many critical economic areas including policies on foreign investments, on technology and intellectual property, and on the services sector, have now been brought into the framework of international trade relations and trade law. The WTO will possibly emerge as the most powerful economic organ in the world, with the potential to determine economic policies and laws at the national level. In the post-Uruguay Round process, there will be continuous negotiations on a whole range of issues, including the continuation of unfinished Uruguay Round business; new issues (such as trade and environment, labour standards, competition policy and investment codes) placed within the WTO agenda by the North; and general and institutional issues.

There is an urgent need for Southern countries to conduct research into all these areas: first at their capitals, to determine how various proposals would affect their national domestic interests; and second, as a collective grouping of countries, to decide how best to negotiate to promote the interests of the South as a whole. The developed countries, individually as well as collectively, through such umbrella agencies as the European Union and the Organization for Economic Cooperation and Development (OECD), have hundreds or thousands of top calibre researchers formulating and assessing the effects of different policy positions in international trade negotiations. The Southern countries may not be able to match this, but they must also make a decision to set aside adequate financial and manpower resources to come up with basic well-considered policy positions, which can then be put forward persuasively at the negotiating table. This is an investment that is well worth the initial cost. Without it, Southern countries may continue to have to accept the proposals, definitions and policy frameworks put forward by the well-prepared North. These new definitions and proposals are likely to curb the competitive position of the South, and thus marginalize it further in the trading system.

Another area for future negotiations concerns the two related subjects of external debt and structural adjustment policies. As a direct result of debt servicing difficulties, over 80 developing countries in the past 15 years have been the subject of structural adjustment programmes (SAPs) designed principally by the IMF and World Bank. The SAPs have come under heavy criticism from NGOs for depressing growth and living standards and for cutting back on health, education and social programmes in developing countries. The Non-Aligned Movement (NAM) has also recently produced an expert report, endorsed by economic ministers, calling for a comprehensive once-for-all solution to the debt problem, that would entail debt elimination or reduction for severely indebted countries.

In the deliberations at the World Summit for Social Development (March 1995), measures for debt relief and modification of structural adjustment policies were among the most important issues under discussion. For the first time, the negative

effects of SAPs and the need to give greater prominence to social goals in SAP priorities were recognized at an important UN conference. With the momentum built up at the Social Summit, there are potential opportunities to make further progress on debt relief and to improve or change the terms of loan conditionalities through a redesign of structural adjustment and the widening of economic and social policy options for developing countries. These opportunities can be pursued through the follow-up process of the Social Summit, through the General Assembly and the UN Economic and Social Council, and through initiatives such as the Agenda for Development. Debt relief and changes in loan conditionalities can also be taken up within the Bretton Woods institutions themselves, if the delegations of developing countries to these organizations can coordinate their policies better.

UNCTAD is the UN organ charged with strengthening the capacities of Southern countries to develop their national economies and to have a more meaningful participation in the world economic system. UNCTAD's efforts to improve the terms of trade for Third World commodities through commodity agreements and a Common Fund for Commodities had once seemed promising, but these were rendered less effective through lack of interest by Northern countries. The useful role of UNCTAD as a research facility and a negotiating forum with a mandate to assist developing countries in improving their status in the international economy has been gradually eroded, especially with the greater powers extended to the GATT and WTO and to the Bretton Woods institutions. Recently, there have even been suggestions (notably by the Commission on Global Governance) to close down UNCTAD. These suggestions have been criticized by the G-77. However, the very fact that such a proposal was made indicates the eroded position of the South in international affairs.

In order to strengthen agencies such as UNCTAD, there has to be greater policy coordination among developing countries to defend and build up the United Nations as a legitimate and effective forum for international economic and social policy-making. If this does not happen, the UN's powers will be eroded, and international decision-making on economic and social matters will reside wholly in institutions within which developing countries have little influence.

South Governments and Policy Coordination

Technical cooperation among developing countries is important to develop and expand economic and technical links within the South, so that individually and collectively these countries can improve their position in the world economic system.

However, technical projects alone are not sufficient to promote South-South cooperation. In a world in which globalization is taking place very rapidly, key decisions affecting every Southern country are increasingly taken at the international level: through international processes such as the Uruguay Round and UN-sponsored conventions and conferences, and through global institutions such as the WTO, World Bank, IMF and the UN and its agencies.

These global processes and institutions generate international laws, policies, programmes and opinions that have great influence over the economic, social and cultural life of Southern countries. Full participation in these processes by Southern countries — both individually and through groupings such as the G-77 and the Non-Aligned Movement — is more and more essential. But to be effective, Southern participation must be backed up by careful preparation. This requires comprehensive information, in-depth research, political backing by leaders in politics and ministries in the capitals, and negotiating skills.

Compared to the Northern countries, which have well-qualified research and policy capacity in their capitals and sophisticated coordinating mechanisms, the South is weak. The G-77 lacks a research facility or a permanent secretariat, and is unable to carry out long-term planning or strategizing for international meetings and negotiations. In the past, it has been able to succeed to some degree in promoting Southern interests, as in the UNCED process.

However, given the proliferation of international meetings and the increasing complexity of international negotiations, ad hoc preparatory and coordinating measures are insufficient. In some important negotiations, such as the Uruguay Round, and in key fora such as the WTO, IMF and World Bank, the South's negotiating capacity is weak and in urgent need of upgrading to prevent further marginalization.

The time has come for Southern countries to make a political commitment to policy coordination — and to generate the human and financial resources to make it work — so that they can protect and promote the interests of their people in the international system. ◆

Social Funds:
Fertile Ground for South-South Cooperation

The potential of social funds as instruments of reform is described by* Alejandro J. Grinspun, *a consultant in charge of poverty and grassroots participation in the Social Development and Poverty Elimination Division of UNDP.

In mid-1993, a small contingent of Zimbabwean officials arrived in Mexico City to visit SOLIDARIDAD, Mexico's massive anti-poverty programme that in many ways resembles a social fund (SF). They came to learn from SOLIDARIDAD's experience in decentralized and community-driven development to derive some lessons for the design of a Social Development Fund in Zimbabwe — a centerpiece of that country's newly launched Poverty Alleviation Action Plan.

Social funds have, in fact, sprung up in a large number of developing countries over the past few years. They are credited, among other things, with alleviating poverty and unemployment, improving delivery of social services to deprived groups and regions, making economic adjustment and reform efforts more politically acceptable, and promoting decentralization, community participation, transparency and greater efficiency in the management of social programmes. With attributes as compelling as these, SFs have come to be seen as a critical component of public policies during programmes of national structural adjustment and beyond. Virtually every Latin American country has a SF now established, as have many countries in Africa. The trend is now spreading to Asia and the former socialist countries of Eastern Europe. As interest in SFs has grown, so has the possibility of learning from the experience of countries that have had them in operation for years.

A social fund is a quasi-financial intermediary, usually set up as an autonomous agency outside government, that mobilizes donor and government resources and channels them to projects proposed and carried out by a range of public, private or voluntary organizations in multiple sectors. As a rule, the SF does not initiate, design or implement projects, but limits itself to appraising, financing and monitoring proposals submitted by other institutions based on prescribed criteria. By working through existing organizations, SFs are able to concentrate on quick disbursement of funds while keeping administrative costs low. The institutional flexibility and autonomy of SFs are appealing to governments undertaking economic and political reforms, as well as to donors willing to ensure that funding for social programmes is managed transparently and efficiently.

Institutional features Promote Autonomy

One of the paramount features of SFs is their high degree of institutional autonomy, which is intended to prevent political interference in the process of project appraisal and approval. Most are autonomous agencies, outside the government bureaucracy, reporting directly to the president or prime minister. Following the precedent set by the Bolivian social fund, FSE, most are also exempted from public sector rules regarding staff recruitment and pay schedules, as well as from procurement and disbursement procedures. By paying private

sector salaries, SFs are able to attract highly qualified and committed staff; additionally, the adoption of simple bidding procedures allows them to disburse funds and execute a large number of small-scale projects much faster than line ministries. Most Latin American funds are empowered to direct contracting of project implementation with no competitive bidding up to prescribed ceilings, with the choice of contractors left entirely to the sponsoring agencies. A sophisticated unit cost control system has been devised to ensure consistency and transparency and reduce the administrative burden of SFs. Contracts are based on a schedule of standard prices for completion of various types of projects, with a margin for overhead costs and a small profit for the contractor. Many other funds, such as Senegal's AGETIP, maintain a roster of eligible contractors, who submit project applications at specified dates. Contracts are then awarded on the basis of competitive bidding.

Since SFs do not implement projects themselves, they must solicit proposals from other public, private or voluntary organizations acting as project sponsors. The latter absorb the bulk of the costs of identifying projects, organizing communities, and preparing and submitting proposals to the SF management for appraisal. While this demand-driven approach keeps SF administrative costs low, it also has the less desirable tendency to undermine overall project quality and to diminish the SFs capacity to reach the poorest communities. This may account for the SFs' partial failure in moving beyond discrete objectives, such as creating low-paid jobs or rehabilitating basic infrastructure, towards more ambitious goals such as attacking structural poverty and unemployment. As funds tend to become more permanent institutions vested with responsibility for coping with structural poverty, they have tried to overcome these problems by increasing promotion efforts, building targeting mechanisms into the project eligibility criteria, and supplementing the proposals they receive with supply-driven programmes aimed at the poorest groups. Chile's FOSIS, an institution created with the explicit purpose of targeting the chronically poor, has a bank of its own projects alongside those it receives from communities. Peru's FONCODES, which was also created to attack structural poverty, followed the example of Honduras' successful FHIS and launched a massive school-desk manufacturing programme, for which it identifies small vendors and contracts the supply directly.

Locating the SFs outside the formal government structure made perfect sense when SFs were seen as temporary institutions charged with minimizing the transitional costs of adjustment. But as SFs move towards longer-term goals, they have become increasingly integrated with line ministries. Zambia's SRF, Chile's FOSIS, Bolivia's FIS, Venezuela's FONVIS and Mexico's PRONASOL have all been placed within government ministries, even while retaining a high degree of institutional autonomy. On the other hand, both Egypt's SFD and Sri Lanka's JTF are autonomous public institutions, yet their independence has been jeopardized by patronage and political interference. In the case of Egypt, public officials account for over half the seats on the SFD Board of Directors, including the most powerful positions. It has been reported that the SFD has been vulnerable to bureaucratic control when allocating resources. As a result, the World Bank has recommended earmarking 33 per cent of SFD funds for non-governmental and private voluntary organizations and placing a cap on the amount of resources channeled to government agencies, to prevent SFD funds from being used to provide off-budget financing to them. Similarly, the Colombo-based JTF was established as an independent, non-profit public trust. Yet the resignation of the entire board following the 1994 national elections is an indication that members regarded their position as political rather than technical. Since many SFs are set up to enhance the political viability of the adjustment effort, it could be that the presumed nonpartisan nature of the funds is inconsistent with one of their main objectives. If so, avoiding the politicization of the SFs will be a difficult task.

Implementation issues: a Broad Array of Alternatives

Most SFs were designed as temporary institutions to alleviate poverty and cushion the impact of austerity measures on vulnerable groups. For this reason, the first key goal of most funds has been the important objective of rapid employment creation. A large number of low-paid jobs have been one result of small-scale projects and public works schemes aimed at rehabilitating basic social and economic infrastructure. To encourage further employment creation, many SFs require private contractors to use labour-intensive techniques and to spend a certain percentage of project costs on wages, which in the case of Sri Lanka amounts to 50 per cent for rural public works. Infrastructure projects have accounted for up to 79 per cent, 88 per cent and 100 per cent of project funds disbursed by FHIS, FSE, and AGETIP, respectively.

Social service delivery is the second most common objective of SFs. Priority is normally given to the provision of goods and services that are in greater demand among poor households. Sri Lanka's JTF devotes one-third of its funds to social services, mostly through a nutrition programme that aims at reducing the incidence of child and maternal malnutrition as well as low birth weight and iron deficiency anaemia. Other countries give higher priority to the education sector. Egypt's SFD is implementing 32 literacy projects in all 26 governorates, each expected to benefit an estimated 15,000 people. In São Tomé and Principe, which allocates almost half of total financing to basic needs projects, two of the more successful initiatives involved the distribution of textbooks and essential drugs. In some cases, a focus on investment in human capital is a reflection of the

trend towards institutionalizing SFs as semi-permanent institutions dealing with long-term structural poverty. That was the case, for example, in Bolivia, where the FIS was created in 1990 as a permanent institution after the expiration of the former FSE. Only basic health and education projects are eligible for FIS financing, as opposed to the FSE, which focused on temporary job creation to compensate the poor for the effects of the stabilization package. Similarly, Chile's FOSIS finances no infrastructure projects. Instead, it focuses on social development and micro-enterprise programmes targeted at specific vulnerable groups not reached by a relatively well-developed social safety net.

In general, SFs have shied away from credit operations, devoting less than 10 per cent of project funding to credit activities. One reason is that SFs are set up primarily as quick-disbursing mechanisms for poverty alleviation. Credit operations, on the other hand, require careful and time-consuming appraisals before granting funds, and close loan monitoring and supervision thereafter. Besides, they do not deliver benefits as rapidly or tangibly as investments in infrastructure and social services. Egypt (60 per cent) and Sri Lanka (40 per cent) are among the few countries that devote a significant portion of their SF portfolio to credit activities. Mexico's SOLIDARIDAD programme also provides credit to support "solidarity" enterprises, as well as a revolving fund for peasants without access to rural development banks.

When implementing credit programmes, SFs tend to rely on non-governmental organizations (NGOs) and other intermediaries to deliver the loans. This makes programme implementation highly dependent on the institutional capacity of these organizations. Sri Lanka's JTF manages a US$30 million credit fund, available to partner institutions for lending to the poor at market rates. However, loan disbursements have been much slower than projected, largely due to an overestimation of the absorptive capacity of implementing NGOs, credit cooperatives and rural banks. A further problem is that the latter are expected to bear the entire risk for loan defaults, which has discouraged lending institutions from becoming involved. Programme implementation has also been slow in Egypt, where the SFD disburses loans for productive activities through commercial banks at a below-market interest rate. Here progress has been hampered by the existence of more liberal credit schemes in the country. Negotiations have been going on for some time to set a rate low enough to be competitive with the more liberal schemes, yet still high enough to be commercially viable. To create incentives for commercial banks to engage in poverty lending, Chile's FOSIS has devised an innovative approach whereby it covers part of the transaction costs of loans to small farmers, micro-enterprises and women heads of household. Honduras' FHIS has also experimented with a novel approach, which has met with great success. Participating NGOs must be legally registered and have a proven track record in lending programmes for the poor. NGOs are charged market rates, and then assume full credit risk vis-à-vis the fund. This forces them to appraise proposals carefully, build solid loan collection systems and ensure adequate capitalization of the revolving funds. Eligible micro-entrepreneurs receive technical assistance directly from FHIS, which helps increase loan recovery rates.

While all SFs work through existing organizations, which ones are chosen as the main implementing agencies varies between countries depending on differences in existing institutional capacity as well as the specific objectives of SFs. Typically, Senegal's AGETIP, for example, only accepts proposals from central and local governments and hires private contractors for implementation. This results from the fund's focus on rapid employment creation through public works projects as well as its goal to strengthen the private-sector capacity to deliver public goods and services. Zambia's stress on small-scale community initiatives, on the other hand, prevents central government agencies from participating in SRF programmes, most of which are carried out by NGOs and self-help groups. The latter applies to Peru's FONCODES and Mexico's SOLIDARIDAD as well. Most other SFs rely on a range of public, private and voluntary organizations and community groups to propose, plan and implement projects. Even then, the bulk of funding often goes to government agencies. In Egypt, only five per cent of funds have gone to NGOs, while governorates, ministries, banks and public enterprises have received 36 per cent, 16 per cent, 29 per cent and 14 per cent, respectively. In Bolivia (FSE) and Honduras (FHIS), neighbourhood associations, NGOs and religious groups have received only 19 per cent and 20 per cent of project funds, even though the FHIS has allocated 61 per cent of funds and 79 per cent of contracts to municipal governments.

In general, programmes implemented by NGOs have progressed slowly due to their limited experience and the management-intensive nature of most community projects. Where local capacity is weak, SFs have had to play a more pro-active role so as to deliver projects faster. Sri Lanka's JTF, for example, was forced to change its original strategy of relying heavily on NGOs and grassroots groups for project implementation and supervision, taking instead a more active role in most aspects of the project cycle. For this purpose, JTF hired and trained its own cadre of "social mobilizers," thus departing from its original idea of working only though partner organizations. In São Tomé and Principe, the SIF developed a list of priority projects and awarded some of them to international contractors, rather than waiting for NGOs and village

organizations to generate proposals for funding. Both examples point to the need to strengthen local capacity if SFs are to promote decentralization and community participation in the delivery of public goods and services.

Striving for an Impact on the poor

While working through existing organizations helps to reduce administrative costs of SFs, it may also hamper their ability to reach the poorest. Most projects tend to be located in urban areas, where NGOs and other sponsoring agencies are most active. The chronically poor, on the other hand, often reside in remote and isolated rural areas, where they have neither the information nor the technical capacity to prepare proposals for SF funding. To overcome this problem, both the Honduran and the Guatemalan SFs have been willing to partially subsidize NGOs to induce them to move out of cities and work in underserved areas. Relying on private and voluntary organizations also implies working through projects, rather than programmes. The limitations of a project approach are obvious. Besides a tendency for duplication and lack of coordination, the proliferation of discrete projects tends to produce pockets of impact, rather than the broad coverage needed to attack structural poverty.

Often, SFs explicitly target the newly poor, including unemployed graduates and retrenched civil servants, to defuse political resistance to adjustment policies. Most funds also appear to conform to the traditional gender division of labour, targeting social assistance projects to women while reserving employment and income generation for men. Political considerations may also contribute to the urban bias of SFs and the emphasis on visibility and speed, which tends to undermine project quality as well as the potential impact of SFs on chronic poverty. This is reinforced by the relatively low priority given to productive activities. Both infrastructure and basic needs projects are primarily compensatory in nature. While they do provide temporary relief from the negative effects of adjustment, they are not sufficient to pull people beyond the poverty threshold.

As SFs expand their scope, they are trying to improve the targeting efficiency and impact of their projects. Poverty maps are widely used in Latin American funds, mostly to assess a proposal's eligibility as well as to monitor progress in allocating SF resources. Communities are ranked according to a range of poverty and social indicators, and the poorest ones are entitled to receive more funds on a per capita basis. Geographical targeting is less common in Africa, owing to the absence of highly disaggregated and reliable poverty data. African SFs thus rely on other targeting mechanisms, such as on-site evaluations during the project appraisal stage in Zambia's SRF. SFs are also using project eligibility criteria as a targeting tool, for instance by limiting funding to certain types of projects that are likely to have a greater impact on low-income families. Guatemala's FIS employs an innovative approach, which relies on sliding cost-sharing requirements, to target more resources to poor communities. While there is still ample room for improvement and experimentation, SFs will have to step up their promotion and outreach efforts if they are to reach the poor effectively.

Sustainability: the Elusive Goal

Since most SFs are designed as quick-disbursing mechanisms to mitigate the costs of adjustment, they typically face a trade-off between rapid delivery and the quality of projects funded. Quite often, priority is given to the number and visibility — rather than the quality — of the proposals. Project supervision is made more difficult by a paucity of staff resources. Monitoring, supervision and auditing are thus normally subcontracted to qualified NGOs and private contractors, as a means of reducing administrative costs. Post-project evaluations can also be used to provide incentives to improve project quality and sustainability. AGETIP, for instance, subcontracts supervision and monitoring to private firms, which receive up to five per cent of the total amount of work. If a contractor is found not to have complied with project standards, or a public agency fails to maintain its projects after completion, they may lose their eligibility for future AGETIP financing. Zambia's SRF conducts periodic beneficiary assessments to determine the impact of its projects on participating communities. FONCODES also uses beneficiary assessments during the appraisal stage to determine the legitimacy of the sponsoring agencies. After a project is completed, FONCODES hires an external supervisor for the tasks of supervision and control. Again, SF management needs to pay greater attention to promotion and outreach activities in order to find qualified projects.

Another common problem has been the absence of adequate financial arrangements to support the future maintenance and operational costs of projects. Some funds cover recurrent costs, but only for a limited time. Sri Lanka's JTF, for instance, finances 100 per cent of the maintenance costs of community projects during the first year after completion, declining to 60 per cent the second year and 40 per cent in the third and final year. JTF also signs maintenance contracts with community groups such as peasant associations, which become responsible for repair and maintenance of JTF-funded irrigation systems. In Zambia, proposals prepared by community groups must be reviewed by provincial planning units, which control the budget for recurrent costs, before they can be submitted for SRF approval. Similarly, Guatemala's SIF intends to work closely with municipalities, both to strengthen local capacity and because they are responsible for post-project

maintenance. In addition, most SFs now require cash or in-kind contributions from beneficiary communities as cost-sharing, ranging from five per cent to 20 per cent of total project funding. Honduras' FHIS requires a combination of local, third-party and/or government cost-sharing as part of its project selection criteria. Minimum expected contributions range from five per cent for beneficiaries to 10 per cent for sponsoring NGOs, municipalities and line ministries. FHIS also sponsors the creation of local water committees, which are in charge of collecting user fees and maintaining community infrastructure. Guatemala's cost-sharing arrangements serve both as a targeting mechanism and a source of revenues for recurrent costs. Counterpart requirements vary from five per cent to 20 per cent, depending on the priority of the project and the poverty level of the requesting community. Social assistance projects receive top priority, followed by infrastructure and credit or income-generating activities. In turn, the lower the ability to pay, the lower the local contributions.

As SFs shift from temporary to semi-permanent institutions, the sustainability of the funds themselves becomes an issue. Except for Mexico's multi-billion dollar SOLIDARIDAD programme, funded with the proceeds from the sale of state assets, all SFs are heavily dependent on external sources. Egypt's $650 million SFD, for example, has received contributions from 17 different donors. They usually provide from 70 - 100 per cent of funds' resources. If a SF is expected to become permanent, a number of options can be explored. One is the possibility of a gradual transfer and ultimate integration of fund operations into the formal government machinery. Several cases have been reported of SFs' having a "demonstration" impact on public-sector agencies. By showing the inadequacies of traditional service delivery mechanisms, SFs are leading to a re-examination of the government's role in delivering social programmes. Line ministries in many countries are willing to adapt some of the procedures and approaches developed by SFs, including their decentralized operations, flexible procurement and disbursement rules, innovative cost-sharing arrangements, and sophisticated management information systems and targeting mechanisms. Since SFs are not policy setters but mere financial intermediaries, closer integration with line ministries may also be desirable to avoid fragmentation and ensure consistency with national and sectoral priorities. Unfortunately, countries have yet to develop systematic plans to transfer relevant lessons from SFs to other government agencies.

Another option worth exploring is to expand the scope of loan financing of SF projects. Already many SFs are providing both loans and grants. FONCODES, for example, provides grants for social assistance and infrastructure projects, and loans for productive ventures. The same applies to Egypt's SFD, Sri Lanka's JTF, Zimbabwe's SDF, Mexico's PRONASOL and São Tomé and Príncipe's SIF, among others. Obviously, the choice of grants versus loans depends on the type of project and the borrower's ability to pay. The latter may limit the scope for expanding loan financing, especially as SFs become semi-permanent institutions focusing on structural poverty. Not only is loan financing bound to exclude the neediest, but cost recovery may be more difficult in projects targeted at very poor people.

Moving Forward from Lessons Learned

In conclusion, as countries engage in reform efforts, great interest has emerged in the experience of countries using social funds. A great deal of cross-fertilization and transfer of experiences has taken place within the Latin American region, where Bolivia's FSE and FIS set a model for others to follow. Senegal's AGETIP has likewise inspired several African governments to cope with adjustment-related unemployment through labour-intensive public works schemes. And, more recently, the experience gained over the years is gradually starting to be shared across regions. Zimbabwe's SDF is modelled after Mexico's SOLIDARIDAD programme; Latin American experts are helping design social funds in Cambodia and Mongolia; and officials from Algeria, Armenia, China and Lebanon have visited Egypt to look into the prospects of replicating the SFD experience in their own countries. Social funds have proven very efficient mechanisms for attracting and disbursing, in record time, vast resources for social programmes. Their impact on poverty, however, has been mixed. By design, SFs are demand-driven. They do not implement projects, but rather work through existing organizations. This limits both the overall quality of the funds' project portfolio and their effectiveness in reaching the poorest. It also constrains SFs to work through discrete projects, leading to an "extreme spatial patchiness of impact" that is not tantamount, for example, to a comprehensive programme to combat poverty.

Many SFs were conceived as a stop-gap measure, intended to mitigate the transitional costs of adjustment. Thus most of them concentrated on social assistance and infrastructure projects, paying less attention to productive activities. Paying low salaries or providing low-quality goods and services may improve targeting efficiency, by encouraging self-selection. But they are not well-suited to tackling massive structural problems such as chronic poverty.

As SFs tend to become institutionalized and vested with longer-term goals, they may end up taking over traditional line ministry functions, such as the design of social policy. Yet social funds do not — nor were they created to — make policy. Unless the experience of SFs is transferred and integrated into the formal government structure, there is a definite risk that social policy will remain fragmented and will ultimately be replaced by a dispersed mass of ad hoc micro-interventions. ◆

Forty Years After Bandung

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In the third week of April this year, the conference of the Coordinating Bureau of the Non-Aligned Movement (NAM), held in Bandung, Indonesia, marked the 40th anniversary of the 29-nation Bandung Conference (18-25 April, 1955).

Since the original Bandung meeting, the nations of the South have made progress, but have also had setbacks, reflecting periods of change in the world economy: the post-war "golden era," lasting until the early 1970s, when the OECD countries grew steadily and the developing countries benefitted too; the stagflation of the mid-1970s; and the "adjustment era" that began in the early 1980s.

As the accompanying tables show, GDP and per capita incomes of the countries of the South have increased since the 1960s, but disproportionately, both among and within countries. The rich-poor gap has widened, and since the early 1980s, debt burdens and debt servicing ratios for many countries in the South have virtually exploded. For all developing countries, the terms of trade have been adverse (except in 1980-81) and their aggregate share of world exports and imports has increased only slightly. (In Africa and Latin America exports and imports have fallen, while in Asia they have increased.) In terms of mutual trade, as a destination for exports or as an origin for imports, Asia has shown steady progress since 1970, while Africa and Latin America have lost ground.

In terms of human indicators, life expectancy has generally increased. On the health front, some old scourges, like smallpox, have been eradicated, while others, like malaria, have persisted. New diseases, like HIV and AIDS, are threatening devastating effects for the future.

When the Asia-Africa Conference in Bandung was convened 40 years ago, some of the major and most populous countries of Asia had gained freedom, although anti-colonial struggles were still under way in some places on the Asian continent. Such struggles were more likely to be found in Africa, most of which was still under colonial rule, with the metropolitan powers trying to strengthen their grip. Within the context of the European Cold War, the western metropolitan powers were still trying to take decisions affecting African and Asian countries. It was within this context that the Bandung conference was convened by five Asian nations — Burma (now Myanmar), Ceylon (now Sri Lanka), India, Indonesia and Pakistan — and attended by 29 newly independent Asian and African countries. The first meeting of heads of state and government from the South, it was a collective effort by the African and Asian nations to assert their presence on the world scene, and to persuade the powers of the North to consult them on decisions affecting them.

The major points of focus at Bandung were the anti-colonial struggle, support to liberation movements in Africa and Asia, and international peace and security issues. But Bandung also marked the start of an attempt of the nations of the South to come together, to renew ancient economic, cultural, communications, transport and other links that, under colonialism, had been severed even among neighbours, and to cooperate to advance the interests of their peoples. The conferees, many of them towering leaders of the anti-colonial struggle in their own countries as well as externally (Jawaharlal Nehru, Soĕkarno and Chou En-Lai, to name but a few), had set their sights on the economic development of their peoples. At Bandung, they articulated "the urgency of promoting economic development in the Afro-Asian region ... and the general desire for economic cooperation among the participating countries..."

Paving the way for a new era

Bandung marked the beginning of moves towards mutual economic, technical and cultural cooperation throughout the developing world. The conference called for a wide-ranging agenda, including mutual

technical assistance through the exchange of experts and know-how and the establishment of national and regional technical training institutes; promotion of joint ventures; collective actions to safeguard developing countries' interests through the periodic review of shipping lines and freight rates; cooperation for peaceful uses of atomic energy; and prior consultations among countries participating in international fora to further their mutual economic interests.

The economic part of the final communique, which ran for just two pages, was shorter than prescriptions resulting from subsequent international or Third World conferences and meetings. However it touched on many problems which are of continuing concern even now. In the end, the mutual cooperation agreed upon at Bandung did not go much beyond scattered bilateral visits and technical missions whereby people "learned" from one another's experiences; a few cultural exchanges and contacts; and some attempts to present a common viewpoint at the United Nations in New York through the Afro-Asian group, mainly in the important and ongoing struggle against colonialism, but also in the Second Committee, which deals with economic and financial matters.

In the end, the mutual cooperation agreed upon at Bandung did not go much beyond scattered bilateral visits and technical missions.

Bandung was the first and last Afro-Asian summit. The attempt to convene a second, in 1965 in Algiers, proved abortive and the conference adjourned *sine die*. But the seeds sown at Bandung in 1955 led to the founding in 1961 of the Non-Aligned Movement (NAM), which began by emphasizing politics and security, but also articulated views on economic questions and mutual cooperation. This led to several major "South"-driven initiatives in rapid succession, including the Cairo Conference of Non-Aligned and other Developing countries, the establishment in 1964 of the UN Conference on Trade and Development (UNCTAD) and the founding of the Group of 77 (G-77) countries of the South (now with 131 members).

With largely overlapping memberships, over time the NAM and the G-77 have acted in tandem to advance the interests of the South, and to work for an environment favourable to the development of member states. The two movements have gone through various phases over the past four decades. Starting with appeals to the North for special benefits, and attempts to use the East-West Cold War and super-power rivalries to enhance their status as independent actors, the nations of the South moved towards calls for reform of international systems, restructuring of international economic relations and world change. This last phase of activity saw the adoption of a number of important agreements. These included the UN Charter of Rights and Duties of States, the New International Economic Order (NIEO) Declaration and Programme of Action, and a number of NIEO offshoots, including the New International Information Order at UNESCO and many UN conferences and their programmes and plans of action for North-South and South-South cooperation, including the 1975 UN Conference in Buenos Aires on Technical Cooperation among Developing Countries and the subsequent TCDC programmes of the UNDP and other UN agencies. Unfortunately, it was thought that rhetoric could make up for actions and that the NAM and the G-77 had only to enunciate demands for tangible benefits to fall into their laps, like manna from heaven. Some of the 'Orders' of the '70s are no longer even mentioned today, in spite of the fact that the situations they intended to correct, or the problems they were supposed to resolve, have not only failed to disappear but, in some respects, become worse. Other objectives, concepts and even institutions set up in the 1970s have subsequently been put on their heads. Instead of serving as a force for liberation and development they threaten to impose new shackles.

Then came the 1980s. In fact, a "sea change" began in 1979, when finance capital became more powerful than industrial and manufacturing capital, and when the US Federal Reserve's hike in interest rates resulted in real interest rates not seen since Christ drove the money changers out of the Temple in Jerusalem. Though they have since risen and fallen in cycles, the real interest rates of the modern era, at four to five per cent, are historically high. Over the centuries, the industrial world achieved industrialization and prosperity when real interest rates ranged from around zero to one per cent. The high interest rates spawned the debt crisis, with the Bretton Woods institutions (the International Monetary Fund and the World Bank) emerging as the debt collectors of the transnational banks and, with their conditionalities, forcing the developing world to "adjust" to the demands of the North, and to adopt market and trade theories and policies that are preached, but seldom practiced, in Northern countries.

Side by side, in the late 1980s, the North launched the wide-ranging Uruguay Round of Trade Negotiations and the General Agreement on Tariffs and Trade, involving sectors of economic activity stretching far beyond the normal meaning of 'trade' and interfering with areas normally within other countries' sovereign jurisdiction. The Uruguay negotiations were aimed at creating a level playing field for the transnational corporations and for transnationalizing national systems of production, trade and consumption (as well as culture). The Round saw the widest participation ever of

the countries of the South. Despite this, the final outcome, achieved last year, was highly unbalanced in terms of benefits or the balance of rights and obligations of countries. The protracted 7 1/2 years of negotiations (which often teetered on the verge of failure) ended at Marrakesh, Morocco in April 1994. With remarkable speed, the major trading nations of both North and South completed their legal processes and New Year's Day of 1995 saw the establishment of the World Trade Organization (WTO) and its promise of a new trade order — a rule-based multilateral trading system. At the moment this goal remains a hope. Much is going to depend on how the two major trading entities, the United States and the European Union, interpret and implement their obligations to the system. As of mid-March the prognosis was mixed, at best.

What cannot be overlooked is that, in the time between the launch and the conclusion of the WTO negotiations, the world had changed. The symbols are numerous: the tearing down of the Berlin wall; the Gulf war and its aftermath; the implosion of the Soviet Union into constituent republics; the emergence of the United States as the sole super-power but no longer the dominant power in the world economy; the emergence of a unified Germany as the major powerhouse in Europe (looking both to the West and to the East); and the consolidation of Japan as an economic super-power but one very dependent on the external sector and therefore vulnerable.

After initial resistance, the countries of the South, one by one, have opted for economic neo-liberalism and, within the GATT (now the WTO) trading system, have moved away from demands for special treatment (favours, privileges and exemption from obligations). They now ask only for equality of treatment and elimination of discrimination. But this still eludes them.

The new trade order is crystallized in the Marrakesh Agreement for a World Trade Organization and its package of agreements covering goods (including agricultural products, textiles and clothing), services and trade-related intellectual property rights that secure global monopoly privileges for Northern corporations, which hold most industrial and intellectual property rights. Clearly, the new system will not end discrimination against countries of the South and their trade nor ensure equality among unequals. Under the new trade order, it is the North that will enjoy special treatment for at least another ten years, for example with regard to its textile and clothing industries. Most of the present discriminatory restrictions against imports from the South will remain in place in major importing markets until 31 December 2004. They are then to disappear overnight, as part of the New Year's revelries perhaps — a promise straining credulity. The North will also retain special treatment and rights in agriculture for much beyond the 10 years, not only protection against imports, but the 'right' to subsidize exports and dump them abroad. Meanwhile, there will be a visa-less Fund/Bank/WTO laissez-passer for transnational capital even as new barriers are erected to the movement of the other fundamental factor of production — labour. Attempts are also being made to forge new trade instruments that discriminate against the South under the cloak of environmental protection and enhanced labour standards and welfare.

The new system will not end discrimination against countries of the South and their trade nor ensure equality among unequals.

New Foes to Free Trade

Instead of hearing from the South the old argument that "free trade is not possible among unequals," it is now the North, through think-tanks and policy advisers, that advances this rhetoric, arguing for the erection of new barriers against the South on the grounds of 'unfair competition' through cheap labour or low social standards, or of not sharing Western cultural mores of consumerism and overconsumption. Thus, just five years away from the 21st century, the South, is still facing major political and economic dilemmas and forces that are pulling the South and North in different directions.

The certainty of the Fukuyama "end to history" theory — the emergence of the New Order of market-driven economic prosperity, assured by the triumph of liberalism and democracy over Leninist/Marxist ideologies — is now full of questions without answers and has become a "history without end." The New Order era is also proving to be one full of surprises, uncertainties and disorders in both the North and the South. Peace is still a chimera. And efforts are now being made to legitimize intervention in the internal affairs of the states of the South through new theories and concepts that violate the fundamental principles and provisions of the UN Charter. Social issues — long ignored or dealt with in isolation with palliatives and add-ons — refuse to go away and, indeed, are becoming worse. This year's World Summit for Social Development in Copenhagen at best produced some nice words and declarations of good intent, without concrete measures or resources to implement them.

Meanwhile, the universal neo-liberal economic model, embraced by most of the South under the tutelage of the Bretton Woods Institutions, has received a major body blow through Mexico and its recent unravelling. Mexico, after all is the country that was supposed to have successfully implemented 'structural adjustment' and realized trade and economic liberalization that would push it into the ranks of the North and the countries of the Paris-based Organization for Economic Cooperation and Development (OECD). And all this was to have happened while it was joining Canada and

the United States as part of the giant North American Free Trade Area (NAFTA) with the promise of expansion, though a hub-and-spoke relationship with the US, to the entire region of the Americas.

The Mexican 'peso crisis' of December 1994 came as a rude shock. It is not only marking the start of another period — perhaps a decade — of fresh 'adjustment' and belt-tightening for the poor of Mexico and the rest of Latin America and other 'emerging markets,' but is also affecting even the developed countries of the Americas and elsewhere.

As the new phase unfolds, on the one side, there is talk of increasing globalization, with Transnational Corporations as the instruments linking countries and economies into one global village. That, in turn, is based on "Triad Capitalism" (a term that has crept into the United Nations) and its integrated production, distribution, marketing and consumption (but with surplus capital accumulation in the Triad). Under this configuration, the three developing regions — Asia, Africa and Latin America — are firmly tied to three Northern centres: the United States, Europe and Japan. At the same time, the South is increasingly advised to look to itself for resources for development, as the major industrialized nations look inward at their own problems. While preaching "free trade" and "free markets," and advising and pressuring the countries of the South to open their economies to imports of goods and services and investments, the Northern countries are also resisting reduction of their own barriers, open and hidden, citing social problems arising from economic adjustment straining their hard-pressed industries and farms. This is the present-day dilemma confronting the countries of the South.

In this new scenario (really the same old scenario with some new actors and terminology), the Southern countries find themselves not at some crossroad, but at a traffic roundabout from which many roads branch out — but admonished about the single route they should follow. Their pleas for a dialogue ("constructive dialogue for international cooperation") are getting nowhere; instead, the South is told about its increasing heterogeneity and diverse situations, militating against a collective dialogue or parity treatment. The doubts within the South about old groupings, and calls for new groupings, echo these views from the North. Taken further, these ideas emphasize that with the end of the bi-polar world and the emergence of a single super-power, and within the New Liberal Market Order and Triad Capitalism, the Non-Aligned Movement has no role and should be wound up, and that in the meantime, the Group of 77 can't speak for the South or negotiate collectively.

Just five years away from the 21st century, the South is still facing major political and economic dilemmas and forces that are pulling the South and North

Same situation, different rules

In the North however, the collapse of theWarsaw Pact, did not result in any similar calls for an end to the North Atlantic Treaty Alliance. Rather, countries seek to give NATO a new basis and are formulating politico-military theories for its continuance and extension beyond the borders of Europe and North America. This without even a demur from the South, in contrast to the outcry of the 1950s and 1960s which greeted John Foster Dulles' attempts to extend the NATO umbrella over French and Portuguese colonies in Asia and Africa.

New military concepts and security theories are being evolved to keep up the military establishment and defence budgets of the North. At the same time, protection of the environment, preservation of other people's forests or biodiversity and gaining access to those resources are on the way to becoming "national security matters" for the major industrial powers, thus escaping WTO trade rules. Nor has the OECD or its various subgroups (e.g., the G-7, the G-5 and the G-3) been wound up as unnecessary in a new world of "liberalism".

Meanwhile, the South is advised not to act collectively in such institutions as the GATT/WTO or at the IMF and the World Bank, yet the North continues to collude and act together vis-à-vis the South through the "Quad" (the four leading trading entities, comprising the European Union, Japan, the United States and Canada), G-7, OECD and other groupings. The creditors coordinate and act together in dealing with individual debtor countries of the South whether through the IMF/World Bank, the Paris Club of official creditors or the London Club of banking institutions.

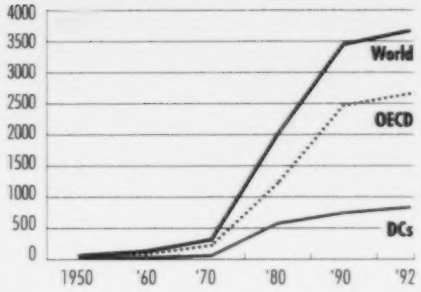
It is in this context that the nations of the South — acting through their various entities, including governmental and non-governmental groups and enterprises — have to undertake some serious thinking, some conceptualization, and, looking at all the many programmes of cooperation, make them operational in the new situation they face. Attempts at such cooperation among neighbours — within sub-regions, regions and interregionally — have been under way for quite some time. Other major efforts have been initiated recently, such as the five-country trade integration agreement in Latin America ("Mercosur"), the gropings toward regional arrangements in Africa (handicapped though that continent is by the loss of development momentum over the last decade or more), and in Asia, where, at least in the case of the Asia-Pacific Economic

Cooperation group (APEC), the groupings are driven largely by the North.

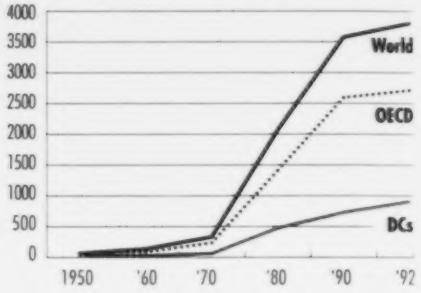
The daily example of heads of governments of the North going on international visits with planeloads of their countries' major corporate executives to promote their exports is a clear proof (if one is needed) that South-South cooperation cannot be expanded by mere exhortations or by leaving it to market forces. Such cooperation needs not only to be fostered and nurtured by the South through economic and trade regimes, but actively promoted, individually and collectively, by their heads of government and economic ministries on a daily and continuous basis.

In conclusion, between South and North, the future will be one of cooperation or cataclysm. If there are not sufficient resources to increase aid and official resource flows, if imports into the North of the goods and services produced by the South cannot increase more rapidly, and if the transnationalization of economies continues to reduce the scope for horizontal links and capital accumulation in the South, then social disorders in the South (and the North) will grow. In this scenario, even "20-20" visions (whereby developing countries pledge to devote 20 per cent of their budgets, and donor countries 20 per cent of their aid, to human priority concerns) will prove a mere palliative. In this scenario, no amount of police cordons, immigration controls or humanitarian 'interventions' will be able to isolate the North from the effects of the eruption. ◆

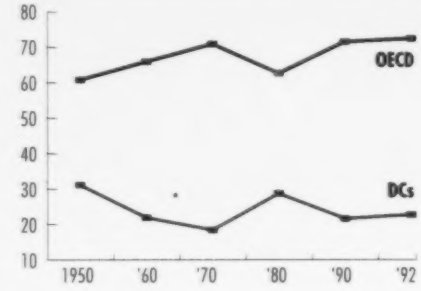
EXPORTS VALUE (FOB) IN BILLIONS OF DOLLARS



IMPORTS VALUE (CIF) IN BILLIONS OF DOLLARS



SHARE OF WORLD EXPORTS (FOB) PERCENTAGES



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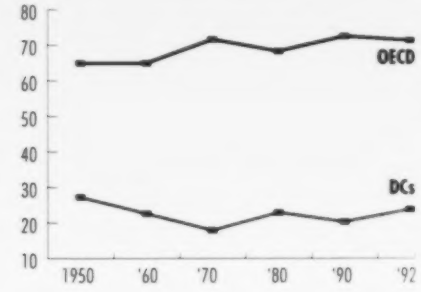
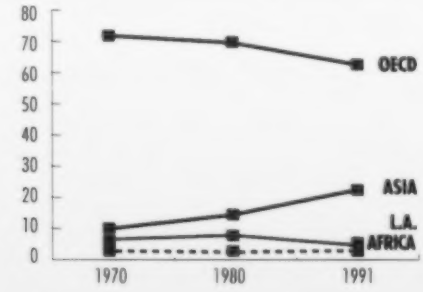


TRADE BALANCES IN BILLIONS OF USD CURRENT/AS PERCENTAGE OF IMPORTS

	50-53	59-61	69.71	74-76	79-81	84-86	87-89	90-92
WORLD	-3.7/-4.6	-5.97/-4.5	-12.47/-3.8	-21.5/-2.3	-58.1/-3.0	-74.3/-3.6	-93.9/-3.3	-116.7/-3.2
OECD	-3.48/-6.7	-3.07/-3.5	-10.87/-4.7	-51.17/-8.1	-123.1/-9.4	-95.07/-6.7	-108.2/-5.2	-85.9/-3.3
DCs	-0.18/0.8	-2.2/-7.3	-1.2/-2.0	41.93/21.8	72.2/16.0	27.933/6.6	22.07/4.0	-26.43/-3.3
E.E.	0.22/4.1	-0.67/-4.9	-0.37/-1.2	-10.2/-11.8	-4.47/-2.9	4.37/2.5	0.57/0.3	-10.5/-8.2

NETWORK OF TRADE OF DEVELOPING COUNTRIES



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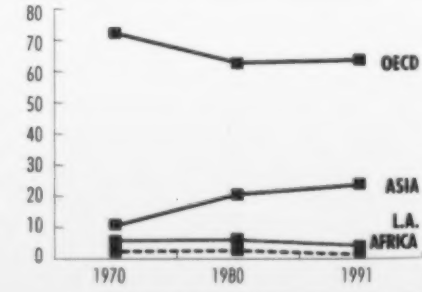


Note: Data in tables have been compiled from UNCTAD's Handbook of International Trade and Development Statistics & from IMF International Statistics. All dollars are current dollars.

Sharing Approaches That Work: Transfer and Adaptation of Urban Innovations

Dr. Akhtar Badshah and Reena Lazar describe the innovative methodology of the Mega-Cities Project, which is working towards improving urban management and the conditions of daily life in the world's largest cities.

In spite of a proliferation of innovative approaches to urban challenges, the seriousness of urban problems is accelerating and threatening all societies. For more than two decades, foundations and government agencies have supported innovative projects in the anticipation that they would be expanded city-wide or replicated across cultures. Sadly, however, successful small-scale initiatives are rarely replicated, if at all. Given the magnitude of urban problems, new methods must be developed to support, adapt and replicate innovative solutions and to speed up the process of incorporating new approaches into public policy. The Mega-Cities Project is an international network of urban leaders working to reduce the lag-time between urban innovation and project implementation by focusing on multiplying the impact of approaches that work.

The importance of international cooperation

Citizens of Berlin, Bogota, Bombay and Boston, to some extent, all face problems of severely stressed urban infrastructure, poverty, political disillusionment and social and cultural alienation. The world's largest metropolises — the mega-cities — are experiencing even more economic stress and cultural alienation. As the global economy produces benefits for the elite in mega-cities, most citizens face rapidly deteriorating urban environments.

Despite these trends, in every mega-city there are rays of hope, most visibly in an outpouring of promising new development programmes originating in the voluntary or non-profit sector. The majority of these programmes have been initiated by the people who live in the most severe conditions, as they take the lead in making significant improvements to their physical, economic and social environment. In these times of acute resource constraints, citizens need to discover new ways of learning from one another and to multiply the impact of approaches that work. It is through replication and adaptation that innovative solutions can have a significant and sustainable impact on our cities.

Even if they are small in scale, tested solutions multiply their effect through replication and by changing broader practice. Micro-level change matters in several ways: first, through transfer and adaptation micro-level changes can have a ripple effect; second, by facilitating system-challenging transfers, the impact of small-scale success can become great; and third, micro-revolutions can promote macro-level institutional innovation when they become incorporated into public policy.

According to Dr. Janice Perlman, the founder of the Mega-Cities Project, "there seems to be a market imperfection in the area of urban and social policy. In other fields, this type of copying is the norm. In the computer industry, for example, companies go to great lengths to glean intelligence about innovations their counterparts have devised. In popular culture, such 'innovations' as Teenage Mutant Ninja Turtles or fashion trends are copied by people in the most remote corners of the world. But urban innovations appear to be the best-kept secrets in the world." Successful solutions to poverty alleviation, environmental regeneration, democratization, decentralization, and women's issues remain undocumented and inaccessible to others who could benefit from the experience.

Peer-to-peer transfer promotes the kind of technical cooperation, as opposed to technical assistance, that leads to appropriate adaptation, new problem-solving, and longer-term relationships between innovators. The teaching and mentoring is done by those who have first-hand experience of the problem, and who have invented and implemented the solution. A critical obstacle to this type of exchange is that innovative problem-solvers in the social sector are usually too beleaguered fighting for survival and handling crises to be concerned with replication. Without a mechanism for re-

This article builds on previous intellectual work on the transfer process by Dr. Janice Perlman, Dr. Jane Sweeney, Elwood Hopkins and Robert Riggs. The authors would also like to acknowledge the contribution of Maria-Anna de Rosas Ignacio, the Metro-Manila Mega-Cities Coordinator and the Manila transfer task force for their rich insights to the Cairo Manila transfer of the Zabbaleen Environment and Development Programme.

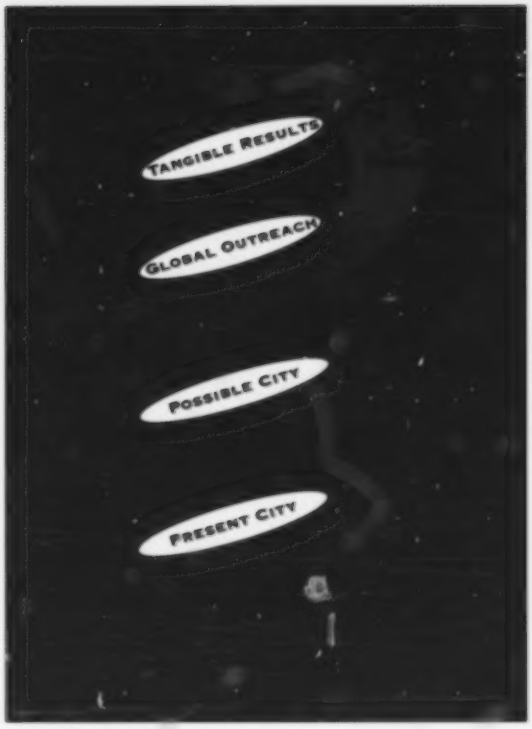
recording and exchanging successes and failures, innovations often die out when funding agencies move on to other projects, and the chance is lost for going to scale and having a major impact. In today's climate of exacerbated social needs and extreme budgetary constraints, this is unacceptable.

It is now conspicuously clear that the innovation diffusion process is not self-propelling. It is time to take a strategic look at how the process can be supported and stimulated so that urban leaders can develop more effective cross-sectoral partnerships and participate more efficiently in technical cooperation. Launched in 1987, the Mega-Cities Project was initiated to meet this challenge.

The Mega-Cities Project: a catalyst for change

With "city coordinators" in 18 of the world's largest urban areas, the Mega-Cities Project is dedicated to building and maintaining a network of transnational urban leaders through which the transfer of successful solutions can take place. Operating in each city through a local NGO, research center or university and supported by a multi-sectoral steering committee, the project is designed not simply to identify, distill and disseminate positive approaches, but to strengthen the leaders and groups who are evolving them and find sources of support to multiply their efforts.

With their counterparts in corresponding cities, each Mega-Cities coordinator acts as a transfer agent putting successful approaches into the hands of policy-makers and practitioners, while at the same time seeking solutions to local problems. The four-part strategy for sharing approaches that work depends on the project's active linkages within and between sectors and within and between cities. As illustrated in figure 1, the process begins with matching the innovation to the need. This is where the Mega-Cities Coordinators play an integral role in documenting and exchanging successful solutions through the Mega-Cities Network. For example, several of the current international transfers are a product of nine environment and poverty case studies as well as other cases that were presented at Annual Mega-Cities Coordinators' meetings with funding provided by the United Nations Development Programme (UNDP).



OUR STRATEGY

The transfer procedure, which involves building a transfer task force, adapting the innovation to the local context and implementing the transfer, not only depends on the "network of networks" but is also a mechanism for strengthening the flexible, long-term partnerships that comprise it. Once established, a single partnership may be re-utilized in the transfer of additional innovations and in the ongoing impacting of public policy. Manuel Castells has stated "that in the changing global economy, the governance and management of mega-cities will require new transnational networked organizations."[1] The Mega-Cities Project is developing the "network of networks" as an independent transnational voice for urban civil society. Paralleling that of the private and public sectors, this global effort is intended to fill an important function in global organization and local decision-making.

This "network of networks" develops the links between local innovation and global impact. While its members act as catalysts to transfer innovations to other urban communities, they also access decision-makers and policy forums, thereby changing official mind-sets and decentralizing the process of problem-solving. The Urban Leadership Project for the 21st century, funded by the W K Kellogg Foundation, has been the Mega-Cities Project's most ambitious attempt to deliberately scale up neighbourhood initiatives into public policy. Through leadership seminars, innovations, expositions and transfer awards, this three-year strategy is enabling leaders in two US mega-cities — New York City and Los Angeles — to replicate their approaches in other neighbourhoods, expand them to serve a larger area, share them with their peers in other cities and incorporate them into urban policy. Ten transfers have been initiated within New York City, eight within Los Angeles and eight between both cities. More transfer partnerships are expected to grow from this network.

The transfer of urban innovations and lessons learned

According to the Mega-Cities Project's observations, the successful adaptation of innovations to new environments follows certain patterns, requires certain preconditions, involves a range of players, and utilizes a common process. The Mega-Cities Project has initiated the transfer of seven innovations internationally and 26 within the United States. The lessons learned are illustrated below using some of these examples.

Below: Utilizing green cartoon eyes, derived from traditional Thai mythology, Magic Eyes is a unique anti-littering campaign that uses songs and rhymes to remind children to pick up litter. Above: Magic eyes re-interpreted as a playful extra-terrestrial more appropriate to the Brazilian culture.

Patterns

Similar to international and bilateral organizations that are beginning to support the concept of technical cooperation among developing countries (TCDC), the Mega-Cities Project believes that transfers may be successfully facilitated across cities with diverse political systems, cultures and economic bases. Since problems are often linked with city size and management capacity, mega-cities often have more in common with each other than they do with smaller cities in their own country.

For example, the transfer of Bangkok's "Magic Eyes" anti-littering programme to Rio de Janeiro illustrates how diverse cultures can benefit from the same innovative idea. A unique anti-littering campaign targeted at children, the Bangkok programme utilizes green cartoon eyes derived from traditional Thai mythology and songs and rhymes to remind children and their parents, not to litter. After reducing littering in Bangkok by an estimated 90 per cent, it is now being replicated in Rio de Janeiro as part of the Clean Rio Campaign through the Department of Sanitation and the School System. The enigmatic green eyes of the Thai version, however, have been re-interpreted as a playful extraterrestrial cartoon character more appropriate to Brazilian culture.

Similarly, the adaptation of City Harvest and the Small Business Toxic Minimization Programme from the United States to Brazil illustrates the potential effectiveness of transferring innovations between countries with differing economies and ecosystems. City Harvest is a non-profit organization in New York which collects unused, unserved food from restaurants and redistributes it to soup kitchens and homeless shelters. In 1992, the basic idea of this innovation was introduced to a number of key government leaders in Rio de Janeiro and São Paulo and was incorporated by Brazil into the National Campaign Against Hunger and Misery.

Through the Small Business Toxic Waste Minimization Programme, retired chemical and environmental engineers from Los Angeles are enlisted to visit small businesses and to help them find creative ways of reducing toxic waste while maximizing their bottom line. In 1992 a transfer to Rio de Janeiro was initiated, where the programme is being tested in automobile garages as part of the Guanabara Bay De-Pollution project, which is funded by the Inter-American Development Bank. This year, it is also being replicated by the Office of the Mayor of Avelleneda, one of the municipalities comprising Greater Buenos Aires.

In 1992, the "Surface Metro" system in Curitiba uses dedicated bus lanes, and cylindrical loading tubes which allow passengers to pay in advance and board quickly.

The Mega-Cities Project's first attempts at transferring innovative solutions to urban problems were two experiments in South-North technological transfers. Both Alert II and the Surface Metro transfer confirmed that even apparently technical transfers involve social, managerial, or financial components. Alert II is an air pollution reduction programme in São Paulo utilizing publicly-displayed air pollution monitors and a comprehensive public education campaign to voluntarily close down the streets of downtown São Paulo to private vehicle traffic on dangerously smoggy days. A New York City task force was eager to adapt the innovation. After struggling with political and managerial issues, the New York version of Alert II, called Green Alert/No-Drive Day, involved shutting down part of Park Avenue to traffic on World Environment Day on 3 June 1993.

The Surface Metro system in Curitiba, Brazil uses dedicated bus lanes and cylindrical loading tubes that allow passengers to pay in advance and board quickly. In 1992, the system was demonstrated for six weeks in New York City where four of the futuristic tubes and buses were installed in lower Manhattan. The transfer of the technology was successful, and public opinion toward the Surface Metro was very positive. Making longer lasting use of the innovative system, however, would have required stronger forces to redirect the political will from maintaining conventional buses and transportation plans.

The transfer process will differ according to public, private, or voluntary sectors, especially in terms of the timing and importance of consensus, resource allocation and implementation. In Cairo, members of the Zabbaleen community have been given the training, equipment and start-up funds necessary to organize small micro-enterprises that convert trash into marketable products, such as shoes, textiles or pots and pans. In this way, the Zabbaleen receive the benefits

of adding value to the recyclable waste and channel their profits into improving their community through the creation of better housing, schools and health care centers. The Zabbaleen initiative is now being replicated in Bombay through the Municipal Corporation of Greater Bombay, and in Manila through a network of NGOs and People's Organizations. The two processes are unfolding very differently. The Cairo-Bombay transfer is taking an institutional and research-oriented approach while the Cairo-Manila approach is more participatory and activist. While both transfers are benefiting from seed funding from the UNDP-LIFE (Local Initiative Facility for Urban Environment) programme, the Manila team has raised additional funds from UN Volunteers and is further along in the process. Since the initiative has come from an NGO, the Manila transfer is proceeding with more flexibility than either the Bombay experience or Alert II and Surface Metro transfers.

Garbage industry workers in Manila

Preconditions for Successful Replication

When adapting a solution to a new location, the political environment and readiness of the general public are crucial factors to its success. The more closely the imported idea relates to changes in public policy, the more important it will be to have government support. The opportune time for transfer is when a "window of opportunity" opens in the political process or when the general public is ready to take action on an issue. An upcoming election or a change in government regulation, coupled with public pressure, sets the ideal environment in which to introduce new ideas into a city.

In Metro-Manila, the government's decision to build incinerators to handle the city's solid waste was opposed by environmentalists. Development NGOs also opposed the government plan since the shutting down of dump sites would mean a loss of income for thousands of poor urban residents who make their living from recycling. These groups are naturally supportive of the Zabbaleen transfer as it represents an economically sustainable and environmentally suitable solution to Manila's solid waste dilemma. Upcoming elections provide the incentive for government officials to support this initiative. Elections are scheduled for this year and the "scavengers" as well as other concerned citizens represent a significant number of voters.

The transfer of Alert II to New York City was also born because of a window of opportunity, but, unfortunately, the window closed prematurely. The Federal Clean Air Act provided the impetus for the transfer agreement when the city was forced to submit a plan for reduction of auto-caused air pollution by 1993 or lose considerable federal funds. The city originally planned to replicate the public monitoring concept from São Paulo, but later abandoned it when they found a means through computer modelling to prove that air quality was improving.

A transfer is more likely to succeed when a transfer "broker" links the solution with the stakeholders in the window of opportunity, and then continues to serve as the transfer agent. In the case of the Small Business Toxic Minimization Programme, for example, after hearing about the programme at the 1990 Mega-Cities Coordinators' Meeting, the Rio de Janeiro Coordinator introduced it to the city's Steering Committee. Sharing the enthusiasm, one of the government representatives offered his assistance in positioning the innovative idea into the newly created Guanabara Bay De-Pollution project.

While maximum participation increases the sense of ownership, it also provides the opportunity for representatives from participating sectors in the importing community to be matched by their peers in the community where the innovation originated. The peer-to-peer transfer ensures the appropriate language, sub-culture and legitimacy. The whole concept of the Urban Leadership Programme in New York City and Los Angeles was based on the premise that multiplying the impact of grassroots innovations is most effectively done among peers. The project, as a result, surpassed its original expectations in terms of numbers of transfers initiated.

Valuable lessons from the site visit often alter the original transfer plan. It is critical, therefore, to ensure flexibility in the adaptation of an innovation to a new context. Before the site visit to Cairo, members of the Manila Transfer Task Force anticipated that the innovation transfer would focus primarily on technologies and systems, but after the trip the team members concluded that what would actually be transferred was the "enterprise approach." This enterprise approach, observed in Cairo's Zabbaleen community, convinced the Manila team that scavengers should not be viewed as beneficiaries of development projects, but as garbage industry workers with a vital role in the development of their community. Since its members had an NGO/non-profit perspective, adjustment from the traditional approach of conflict-confrontation or demand-making for government action was required.

The scavengers should not be viewed as beneficiaries of development projects, but as garbage industry workers with a vital role in the development of their community.

In order for the transfer to be successful, stakeholders need to identify obstacles to be overcome, as well as dimensions in which they are willing to act. Experiential education through site visits and face-to-face interaction is the best way to pinpoint these essential components. The leaders of Los Angeles' Mountains Conservancy Foundation found answers to questions they never would have thought of asking when they visited New York City to learn how to promote "wildlife corridors." For example, it was only after informative visits to the New York Department of City Planning and the Green-way Heritage Conservancy for the Hudson River Valley that they learned the best way to promote green-ways to connect existing green spaces through the Los Angeles region is to engage in a grassroots-government partnership.

Finally, the power of transfer lies not only in its tangible outcomes but also in its symbolic and psychological value. The transfer of the Zabbaleen Environment and Development Project to Manila is proceeding extremely well and in many ways can already be judged a success. Not only has cooperation between urban leaders in Manila and Cairo been stimulated, but the exposure trip by the Manila Team was one concrete application of both the Mega-Cities Project's strategy supporting innovation transfers and that of its sponsor, the UNDP-LIFE Programme, i.e. technical and personal cooperation between developing countries. Although the two transfers from Brazil to New York did not have a lasting technological impact, they have a great symbolic impact as South-North initiatives; they change the status of citizens in developing nations from beneficiaries to innovators.

Challenges and opportunities for the future

For almost a decade, the Mega-Cities Project has been working toward improving urban management and the conditions of daily life in the world's largest cities. Our approach has been focused primarily on peer-to-peer transfers with the dual objective of scaling out horizontally through replication and scaling up vertically into public policy. Through our experience, we have been able to confirm that transferring an idea from one community to another does more than simply expand the reach of a particular solution, it also broadens the focus of urban leaders from their immediate geographical vicinity to their entire city or society. It is now the Mega-Cities Project's objective to gain a clearer understanding of the relationship between innovation transfer and public policy impact in the quest for deliberate social change and the transformation of urban practices from neighbourhoods all the way to city, national and international levels. ◆

FOOTNOTES

[1] Manuel Castells, "The Governance of Mega-Cities in the New World Order," Keynote address at the Mega-Cities Seventh Annual Meeting, Jakarta, August 1993.

Empowering Places and Placing Power:

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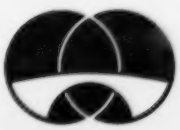

"The peoples of the South must by their own exertions free themselves from poverty, underdevelopment and dependency, and gain control of their economies and politics. History has shown that domination is never surrenderd voluntarily; it has to be brought to an end by the self-reliant actions of those who are dominated."[1]

For the past four decades, the battle cry of self-determination has echoed throughout elite development circles of the South. While the rhetoric employed in the passage quoted above is compelling and engaging, when wrested from the development paradigm of modernity (loosely defined as the complex relationships that emerge from the intersections of the ideologies of Western capitalism, Darwinistic individualism, Western science and rationality, Western patriarchy and the "modernization" process), it raises several questions about how the ideology for South-South cooperation has been constructed and implemented. To fully understand the implications of this Oxford-ized passage, we must peel off the layers of passionate clichés by critically asking: 1) Who are the "peoples?" 2) Who is the "South?" 3) What does it mean to "gain control of their economies and politics?" 4) Who are the "dominators" and who are the "dominated?" 5) What "self-reliant actions" are required to free people from "poverty, underdevelopment and dependency?"

The answers (or lack of answers) to these questions highlight the glaring inadequacies of the current model for South-South cooperation. They serve to remind us that, to date, the primary beneficiaries of South-South cooperation have not been the millions of people who live in hunger and poverty throughout the world but rather the elites and, to a growing extent, the middle classes of both the North and South. They also remind us that a large segment of the global population is forced to live in an environment of intellectual, creative and cultural stagnation which limits not only the opportunities for their individual and collective growth, but for the broader survival and advancement of human civilization.

This essay advances the view that South-South cooperation has failed to have an impact on the tremendous suffering and disparity in the world because its ideological foundation is grounded in the wrong development paradigm — it has, ironically, been engulfed by the very paradigm that it was originally intended to challenge and deconstruct. The South-South ideological Messiah that was supposed to remedy the injustices of the modern world has instead been so co-opted that it has colluded with the paradigm of modernity to widen the gap between the "haves" and "have nots." Even more disturbing is that this ideology was intended to elevate and build mutual understanding and appreciation among the peoples and cultures of the South but has, instead, conspired with the paradigm of modernity to manufacture seemingly irreparable rifts and to devalue the traditions and cultures of the South while glamourizing Western consumer cult' re.

The passage above implies that a violent struggle will be necessary to overthrow the parasitic power relations that dominate the peoples of the South. Modern civilizational interpreters have been encouraged under the dominant paradigm to frame and analyze such struggles and apparent "victories" or "losses" as a purely physical phenomenon. What they have failed to reflect upon are the ideological conflicts that underlie and drive these struggles and ultimately, influence who really is in control. This has resulted in an extremely narrow understanding by the peoples of both the South and the North of what actions comprise a "violent struggle" and what outcomes constitute "freedom" or "conquest." Few thinkers have been able to frame the intellectual, psychological, emotional and cultural levels on which the struggle occurs and then to link this understanding to their interprepation of outcomes. For domination of the peoples of the South to truly end, it is critical that the focal point of the struggle against this domination be

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shifted from the physically violent to the ideologically violent. The peoples of the South must no longer seek empowerment from AK-47 rifles. Rather, they must seek to develop those frameworks and tools necessary to force a sharp break from those ideologies and institutions that are linked to the dominant development paradigm. The foundation for this shift is taking shape, as a realization is slowly emerging among the peoples of the South that the current path of development is not capable of alleviating the poverty, hunger, disease, illiteracy, violence, environmental degradation, human isolation and moral and spiritual decay that paralyzes the modern world. A great deal of attention, however, must still be given to thinking about and articulating the new development paradigm with its own set of multiple interconnected political, economic, social and cultural ideologies and institutions based not on principles derived from ugly, self-absorbed individualism and the Darwinistic dollar, but derived from mutual respect, compassion, trust and sacrifice.

Secondly, it is argued here that the model for South-South cooperation that has been implemented is impotent because it lacks the dynamism and responsiveness necessary to internalize, react to and grow with the complexity that is created by relationships stemming from the dialectical interaction between the modern and traditional, and the local and global. This model has been unable to evolve a framework of South-South cooperation that can respond to rapidly changing conditions, rules and players in the global environment. Its static nature is especially disturbing because not only has it been unable to ignite the sparks necessary for generating a new paradigm, but because it has served to psychologically cripple the creativity and imagination of the peoples of the South by placing the responsibility, expectations and tools for ideological attack and reconstruction solely within the hands of the intellectual elite. Christian Comeliau states, "Today, it is rather regrettable that with its exceptional intellectual 'strike force' the South Commission was not able to come up with a more critical view of the nature of this system, its advantages and costs, the potential scope for adapting or even transforming it, with a view, for example, to promoting a more equitable world or sustainable development."[2] While Comeliau's critique of the inability of the South Commission to develop the foundations for a new paradigm is astute, it unfortunately fails to question what is an even more fundamental problem, that is, the elitist expectation that the South Commission should be the producers and gatekeepers of the new paradigm. In this paper, the opinion is expressed that it should not be the role of the South Commission, or, for that matter, any such group of elite or semi-elite intellectuals, to formulate and articulate a new vision for development. The role of the South Commission and other such institutions and individuals should be as "facilitators" who encourage the generation and sharing of new knowledge and ideas rather than experts who hold and transmit the knowledge and ideas. What is needed is an alternative approach to South-South cooperation that focuses more closely on the "processes" and "actors." The process of creating a new paradigm must be different from previous attempts in that it takes place at the grassroots level, involves a broad range of participants, and simultaneously spreads horizontally and vertically throughout the global system.

An Ideological Wrong Turn

The ideological underpinnings of South-South cooperation must be grounded in the questions of why and how countries of the South should cooperate with each other.

The modern conceptualization of South-South cooperation emerged as a reaction to the global inequities that were created and supported by North-North cooperation and North-South exploitation. The post-colonialist process of development had begun to falter and several economically disadvantaged countries were becoming increasingly concerned with the exploitative development motives and bullying tactics of Northern countries, as well as with their inability to provide their citizens with life's basic needs. The historical and cultural experiences of colonialism, the Industrial Revolution, the Cold War and Christianity had tightly bound the countries of the North together to the point where their economic and political agendas became intertwined. The construct of the "South," a linkage among the countries of Latin America, Africa and Asia, emerged as the answer to these well-organized and coordinated oppressors. There was a desire to create a similar bond among the politicians and intellectuals of the developing countries because it was believed that a unified South could provide these countries with enough strength and leverage to succeed in the Northern-dominated world. The grounds for cooperation among these countries were framed in their common historical experiences with colonialism, their struggles with neo-colonialism and their incongruent desires to pursue some shared vision of development. Unfortunately, the result resembled more a grotesque parody of a commercial featuring basketball star Michael Jordan, where many of the elite leaders and intellectuals of the South all aspired "to be like Mike."

This obsession to create a South that was like the North heavily influenced the underlying foundations for South-South cooperation. The terms of cooperation among developing countries that were initially framed focused on the problems of development as being linked to rules and actors rather than to the broader development paradigm. In other words, there was an underlying belief among the elite leaders of the developing countries that it was possible to work within the development paradigm of modernity and simply "tinker with" or adjust it in order to solve the problems of their nations. While calls for various new international orders did eventually surface, these movements were also grounded in the paradigm of modernity and so were content with trying to tinker with the rules of the game

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rather than the larger issue of changing the game itself. Immanuel Wallerstein writes a fitting obituary for these movements, "I frankly believe that the illusions of 'developmentalism' should be put aside — that is, the illusion that, within the framework of a capitalist world economy, the underdeveloped South will ever disappear as a construct. The most serious anti-systemic movements of the last 100 years have all in the end failed, and failed badly, but they failed precisely because they never put that illusion behind them."[3]

Under the paradigm of modernity, the core principles of increasing economic and technical efficiency surfaced as the guiding rationale for why and how countries of the South should work together. An unquestioning faith in economic growth as the miracle tonic for all of the sicknesses in the developing countries was embraced and propagated by well-meaning but near-sighted politicians, intellectuals and international donors. This was the continuation of a tradition of trickle-down theory which has pursued a circular life of falling from grace, being recycled and then resurfacing in various incarnations. Even the South Commission was guilty of advancing one well-cloaked mutation of this myth that springs directly from the paradigm of modernity: "Rapid and sustained economic growth is indispensable for the South's development. Hunger, disease and ignorance cannot be overcome unless the production of goods and services is greatly increased."[4] Only recently, has there been a growing realization that the conception of "development" for the countries of the South must mean something different from what that term has meant for the countries of the North. Small pockets of people in the South are beginning to understand that following the North's highly vaunted model of economic growth-driven development has: (1) not only failed to provide all of the people with basic needs and a minimum quality of life but increased the levels of absolute poverty and the gap between the rich and the poor; and (2) created a different set of social dilemmas in the countries of the North and the "modernized" urban centers of the South. These include decaying family and community safety nets, self-gratifying individualism and bitter isolationism, dehumanizing unemployment, escapist drug and alcohol abuse, barbaric violence, environmental degradation, homelessness, racial polarizaration and sexism. This realization is grounded in a deeper understanding that the social and cultural values that stem from the principles of the market economy (i.e., notions of private property and corporate law) are fundamentally impatible and often clash with the belief systems of many cultures of the South.

Not only has the paradigm of modernity failed to uplift the peoples and cultures of the South, it has had two direct negative consequences on South-South cooperation. First, South-South relationships (at all levels from the individual to the institutional) have come to be defined primarily in economic terms. What is considered to be "rational" cooperation among countries is defined by the religion of the "mighty dollar" in which alliances are only made when they are "cost-effective." The rules that define these relationships are Darwinistic — the strong should survive and the weak deserve to perish; each player thus attempts to survive in this zero-sum world by maximizing his or her individual gain. Interactions among peoples and countries are cold and calculated, driven by fantasies of Federal Express efficiency. Human relationships are conducted as transactions with everyone and everything having a price. People are governed by the unspoken credo of "I'll do this for you, only if you do that for me." Although these types of relationships may sound harsh, they represent a reality that can no longer be ignored. Under the paradigm of modernity, the bonds among countries of the South have remained extremely fragile — indeed, some would argue that they have even deteriorated over time. Comeliau asks, "The question arises how these economic interrelations — known to be weak, compared to the links of dependence with the North — can lead to a political solidarity sufficient to mobilize the forces of very diverse countries in the 'service' of a general interest in the South ('to serve the South')."[5] By defining the relationships primarily in economic terms (the mechanical connections dictated by modernity), the model of South-South cooperation has been constructed in such a manner as to be easily broken by the divide-and-conquer strategy of modernity. An example of this is the still vivid Gulf crisis where whatever little solidarity existed among countries of the South was shattered by bickering over oil.

The second consequence of modernity has been the juxtaposition of the South against the North. Ahmed Ben Salah states that, "It is still recognized today that, at the global level, economic, political and military indicators continue to confirm that forces in the North remain in a constant state of confrontation vis-à-vis the South. They persist in erecting, in the South, all kinds of walls to prevent development of the peoples, cultures and economies of the South."[6] Despite this recognition, large-scale confrontation with the North has not occurred. The real question is whether this lack of reaction is due to ignorance, fear or something much deeper and more insidious. The paradigm of modernity has created an interconnected yet decontextualized global system comprised of what Michael Watts calls "powerless places and placeless power."[7] As a result, the peoples of the South not only lack the power to fight, but do not even know who to fight.

Part of the hegemony of modernity can be attributed to its ability to delink the peoples, traditions and experiences of the South from one another. There are many dimensions to this delinking. One example is the modern conceptualization of the nation-state, which has succeeded in unnaturally dividing many peoples of the South and manufacturing deep wounds among people over artificial boundaries. Accompanying this painful isolationism has been an attempt

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to completely emasculate the institutions and individuals of the South — the continuation of a pattern of psychological and cultural conquest begun under colonialism. In order to maintain its ideological sanctity, Western science and rationality have attempted to brutally devalue all non-Western forms of knowledge and suppress the traditions and histories of peoples of the South. This strategy has been executed in a conscious and methodical fashion with full knowledge that a prerequisite for a society to develop outside of the walls of modernity must be confidence in its own cultural traditions and respect for other traditions. The media (also controlled by the North) and various donors (through development projects) have reinforced this relentless ideological onslaught by branding the peoples and cultures of the South with such demoralizing adjectives as "undeveloped," "backwards," "irrational," or "lazy." The insecurity that results has not only led to a sense of powerlessness versus the North but has created a debilitating sense of competition and divisiveness among various races, ethnic and religious groups in the South as each vies for position on the totem pole of intellectual and cultural superiority.

As a defensive manuever to complement its offensive strategy, modernity has made it difficult to isolate and identify the sources from which its power originates. It has been able to shield itself from attacks by its opponents by "buying-off" many unholy allies across the North and the South and weaving them into a complex web of chameleon-like, co-dependent relationships. There is no longer one easily identifiable enemy against whom to rally; the last such ideology against which the peoples of the South were able to unite was the static dinosaur of apartheid, and even that proved to be a difficult one to disassemble. One strand of this web that has now been fairly well-exposed has been a "sell out" by the elites of the South. Rajni Kothari states, "The excessive focus on North-South relations has provided an escape route for the elites of the Third World who may wax eloquent in international fora but whose record at home is one of exploitation and repression... In the Third World these elites, psychologically overpowered by the demonstration effect Western lifestyles and conspicuous consumption, have become alienated from their societies and have become part of the global middle class; this is what "globalization" in effect means."[8] Less obvious but more insidious ties are being formed among the middle classes across the South who now wantonly aspire to the same status, and for the material pleasures that have been enjoyed by the elites. To take this one step further, it can be argued that, throughout the world, almost every institution, from religious groups to families to multinational organizations, has its fingers in the pot of modernity, and as a direct consequence has an incentive to support this paradigm on some level. Immanuel Wallerstein describes the total impotence which results from this phenomenon of powerless places and placeless power: "What the South Commission wants is a revolutionary transformation in the whole structure of the world system, and it asks for it very politely, almost timidly."[9]

If the dual objectives of meeting basic human needs and encouraging the broader development of civilization are ever to be fulfilled in the South, there is a need to redefine the basic bonds that shape the relationships among the peoples of the South. This must begin with fundamentally altering the underlying terms of South-South cooperation. The rationale for such cooperation must evolve into something beyond a reactionary anti-North ideology. The South Commission writes, "What the countries of the South have in common transcends their differences; it gives them a shared identity and a reason to work together for common objectives. The primary bond that links the countries and peoples of the South is their desire to escape from poverty and underdevelopment and secure a better life for their citizens."[10] While the South Commission is correct in its assessment that the countries of the South have a great deal in common, it incorrectly identifies the primary bond that links the countries and peoples of the South (once again due to an underlying desire for Western economic growth and modernization). The bonds that link the countries of the South are much deeper and stronger. They are grounded in ancient civilizational, spiritual and cultural connections, colonialist struggles and post-colonialist experiences. These linkages transcend the cost-benefit obsessed modern world to form a moral and ethical rationale for cooperation; and while it may be easy to bury these ties under bundles of dollar bills, they cannot be easily severed. In this context, Tamas Szentes' question begins to make sense: "Do we have the right to benefit from a world order which excludes millions of humans from any benefits?" When discussed from the conscienceless perspective of modernity, this question would be dismissed as idealistic (some would even say "socialist") gibberish; however, when it is viewed through the lens of a different development paradigm, grounded in principles of respect, compassion, and mutual sacrifice, it becomes a moral dilemma that cannot be ignored.

There is a growing recognition that the "business of development" as constructed under the paradigm of modernity is not really concerned with solving the rapidly increasing crises of the peoples of the South, and that as long as the model for South-South cooperation is grounded in this paradigm, it will remain marginalized and ineffectual. We must thus encourage the formation of a new development paradigm. The key difference between this and previous approaches will be that the ideology of South-South cooperation will not simply be defined by the existing paradigm. Rather, it will play a lead role in defining a new paradigm.

An Antiquated Model

Until now it has been argued that South-South cooperation has failed to live up to its hype because the ideology has been grounded in the wrong development para-

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digm. I will now argue that the model for South-South cooperation that has been implemented is sterile. There is a connection between these two arguments since the ideology (or basic set of goals, objectives and values) has traditionally defined the model (or strategy implemented to achieve these sets of goals, objectives and values). The model has not only failed to take advantage of the tremendous energy that is created from connections among peoples and cultures of the South but has also prevented the formation of meaningful connections. It is particularly deficient in four respects.

First, the model of South-South cooperation was purposely designed in a static and unimaginative mold in order to constrain the formation of a new development paradigm. It is grounded in a rigid Western tradition that is implicitly dedicated to preserving the status quo. This tradition uses a linear, monochronic notion of time rather than acknowledging that different societies have their own internal clocks and are capable of jumping from step A to step E without necessarily having to go through steps B, C and D. Furthermore, through such artificial constructs as the "fiscal year," it has forced development efforts to demand peoples and cultures to move at unnatural paces and take awkward actions. The Western tradition also leads the model to focus its attention only on the measurable, the calculable, the utilitarian and the predictable. The result is that the model is primarily output-driven rather than process-driven, and geared towards shorter-term time horizons. There has been very little attention given to facilitating the essential development processes of flexibility, experimentation and social learning. Without these three elements, the model lacks the dynamism and responsiveness necessary to internalize, react to and grow with complex changing global and local environments. This has led to a model that is not only mechanical but actively resistant to change. The process of change is viewed as a negative force that is to be avoided rather than as something natural, positive and inevitable. One manifestation of this has been the propagation of an idea of intellectual and cultural "preservation" as a means of defending the social and cultural fabric of the South from modernity. Unfortunately, this approach not only fails to protect the traditions and ideologies of the South, it unknowingly contributes to their dismemberment by limiting their ability to resist and to evolve alternatives that challenge modernity.

This leads to a second weakness in the model of South-South cooperation. The model is "stuck" in a 1970s, Cold War, nascent post-colonialist definition of North and South. It fails to recognize the internal and external factors that have changed and continue to change the entire dimension of South-South cooperation. The South is statically defined as a homogenous body, failing to recognize such problematic factors as the increasing ethnic and religious tensions within and across countries of the South. There is no unified Africa, Asia or Latin America, nor are there any absolutely unified peoples in any of the countries of the South. Recent events in Rwanda, Mexico and the Indian sub-continent are painful reminders of this Swiss-cheese solidarity. Furthermore, while there is still an oppressive North, there are also oppressors in the South, and while there are those who are oppressed in the South, there are also those who are oppressed in the North. For example, why does an African-American male in New York City have a lower life expectancy than many of the peoples of the South? Umbrella categories of "North" and "South" have become vapid. Finally, the model fails to recognize the changing players and roles in the South-South landscape. Within the South, there has been the emergence of new South "powerhouses" such as China, India and the Islamic countries; however, these countries are developing an assortment of new relationships with the North, particularly with the United States, which is struggling to define its post-Cold War role in the global arena. Unfortunately, the bulk of these relationships are geared towards following the North rather than leading the South. The model also does not acknowledge the emergence of certain major influential forces such as the growing impact and accessibility of technology, globalization of information, movements toward privatization and massive emergence of NGOs. "A network of relationships has been built up among private entities — banks, investment houses, transnational companies — in the leading developing countries. This has served to strengthen the influence of decisions made by private bodies on world economic activity, and to that extent limit the effectiveness of governmental policy decisions."[11] While the influence of multilateral and bilateral donors (particularly the World Bank and the International Monetary Fund) has grown, the power of collective institutional structures intended to promote the interests of the South, like the Group of 77, the Non-Aligned Movement, OPEC and several regional formations inspired by the ideas of the New International Economic Order has declined. Even the United Nations has become suspect in terms of whose interests it is acting.[12]

The third criticism of the model is targeted at the limited actors involved and activities supported under South-South cooperation. South-South cooperation has basically been a euphemism for rendezvous among the bureaucrats and the technocrats of the South. Unfortunately, most of these bureaucratic and technocratic elite have been educated within the paradigm of modernity. They are oftentimes more in tune with leaders of the North than with the peoples of the South. Comeliau writes, "It is not the personality of the members of such groups, or their technical competence, let alone their intellectual integrity which is at issue. Yet the fact is that most of them have acquired their experience in the state apparatus; their training and experience in multilateral organizations have forged in many of them an approach to development and international relations that is Westernized, economicist, and marked by the intellectual and diplo-

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matic modes of this very special milieu; and thus the catalogue of questions dealt with strangely resembles, in short, the table of contents of all the reports that preceded this one."[13] Furthermore, the model lends itself to having the interaction among the countries of the South controlled by the North, with a representative of the North usually serving as an intermediary. The North-sponsored activities are typically very focused on economic or technical matters and formalistic. What is on the agenda and when and how it is discussed is carefully controlled — topics of an ideological sort are discouraged. The interaction is usually a one-time fling with little opportunity for ongoing or continuous dialogue, which is deemed not cost-effective. The top-heavy participation in South-South cooperation has been criticized in the past for preventing peoples of the South from building strong links at the grassroots level. What has been largely ignored is that under modernity, the bonds (at all levels, from top to bottom) have been, and continue to be, manufactured with synthetic economic and technical fibers. Little opportunity has been provided for activities which explore and promote the natural historical and cultural connections within the South. Such connections, as demonstrated by strong relationships within Europe and between Europe and the United States, are essential to rebuilding the basic trust and vision which is currently lacking among the peoples of the South.

The last weakness of the current model of South-South cooperation is that it remains blind to the control that modernity has on shaping and constraining it. The model is content to be situated as a reaction to some antiquated idea of the North. It is still fixated on the idea that it can fix the dominant paradigm by "tinkering" with it. South-South cooperation has focused on crisis-management and bandaid solutions. The model is paralyzed by a cumbersome set of ideological tools and frameworks that prevent it from adequately reflecting on and breaking away from modernity. While the model is equipped to begin the project of deconstructing the ideologies and relationships that comprise and are derived from modernity, it is unable to make the critical transition from deconstruction to reconstruction. Like a virus that is able to mutate into more complicated strains, modernity has proven to be quite resilient. The only way to challenge it is to propose an alternative set of competing ideologies and systems — a new paradigm. Unfortunately, the current model of South-South cooperation has neither been able to strengthen and develop "traditional" ideologies nor to ignite and fuel the intellectual and cultural production of new ideologies that are necessary to generate a new paradigm.

Towards a New Paradigm

There is an urgent imperative to refocus the direction of South-South cooperation. This cooperation must be based on an ideology that actively contributes to the vision underlying a new development paradigm, rather than on one informed by reactionary after-thought. This final section sets out some initial building blocks and parameters for creating a more forward-looking ideology of South-South cooperation — and ultimately a new development paradigm. These prescriptions focus primarily on changes in the model, as it is argued that models are not only essential for implementing certain ideologies but critical means of spontaneously generating new ones. Furthermore, a more strategic and dynamic approach to development precludes the isolated plotting of static, long-term theories and plans. New ideologies which are produced solely at the top (in traditional academic circles) have tended to end up still-born since they lack both the widespread "ownership" and the internal dynamicism to survive. It will be important to establish a dialectical relationship between the ideology and the model of South-South cooperation so that each can interact with and feed off the other as they evolve and grow. This is different from traditional models in which there has typically been only a one-way flow, from ideology to model. A new paradigm can be formed to challenge modernity only when a critical mass of several such dynamic ideologies is developed and they can be linked. However the paradigm of modernity is extremely powerful in that it can either crush or co-opt other ideologies which attempt to challenge its core set of ideologies. At the same time, it is extremely slippery and difficult to place due to the complexity of relationships which stem from it. M. Mitchell Waldrop situates the position from where South-South cooperation and other counter-ideologies must confront this juggernaut: "All complex systems have somehow acquired the ability to bring order and chaos into a special kind of balance. This balance point — often called the edge of chaos — is where the components of a system never quite lock into place, and yet never quite dissolve into turbulence either. The edge of chaos is where new ideas and innovative genotypes are forever nibbling away at the edges of the status quo, and where even the most entrenched old guard will eventually be overthrown."[14] Waldrop astutely recognizes that when counter-ideological movements attempt to function in the mainstream they are co-opted by the murky whirlpools of modernity. In order to maintain its ideological purity, South-South cooperation must operate from the edge of this chaos. So what does this mean? A dual strategy which focuses on: 1) attacking modernity by identifying the placeless power and empowering powerless places and 2) on nurturing and protecting the nascent counter-ideologies from ideological co-optation must be developed and pursued. This means continuing to deconstruct modernity while undertaking the project of reconstruction. M C Doeser suggests a new way for approaching this challenge: "Perhaps we have to start the other way around: not by setting goals for long-term development but by looking for a shared ethics for cooperation to create possibilities by which new directions for development can eventually be discovered."[15] Not only must we start the other way around with shared ethics, we must build these shared ethics from the bot-

> **"The initial dialogue should be over exploring what "development" means in the modern world. Is it simply about Coca-Cola and Nike shoes or is there something more?"**

tom up, rather than impose them from the top down. This involves rethinking both the actors and processes that comprise the foundations of South-South cooperation as well as the underlying rationale, tools and incentives that motivate and influence these actors and processes.

Rethinking the actors in the model of South-South cooperation must occur on two levels simultaneously. The first level relates to the question of who or what is the "South?" Is the definition of the South concerned with a group of countries in the Southern Hemisphere that were artificially chopped up by colonialist cartographers or with the peoples of the world who are forced to live under certain conditions offering a certain set of opportunities and possibilities? If it is the latter, then the traditional construct of the geographical entity called the South is questionable, as millions of peoples that originated from the South now live in the North. The conceptualization of the South must some how be expanded to include the peoples who live in the South and their brothers and sisters in the North. In addition, the new model of South-South cooperation must seek to expand the range of participants beyond elite and semi-elite politicians, bureaucrats and technocrats. The interests of these groups are vested in the current paradigm — they are linked to maintaining the status quo. There must be more focus on involving local individuals and communities — groups that have survived at the margin of modernity but remain at the center of their cultures. Furthermore, certain institutional forces such as media, technology and education should be viewed as actors since not only can they be used to unite disparate actors throughout the South, but they themselves have tremendous impact on the development of the South, i.e. homogenization. Strong efforts should be made to reframe the ideological underpinnings of these institutional forces and to more closely integrate them into the model of South-South cooperation.

The second level is related to the question of what constitutes "involvement" among these actors? Simply bringing them together once a year to talk about some narrow symptomatic topic does not constitute involvement. More attention must be given to the quality of participation. This involves opportunities for more continuous interactions around varied topics. It also involves a "leveling of the playing field." Oftentimes, traditionally marginalized participants are brought to an unfamiliar or hostile forum for a few hours and asked "to participate." They often fail to voice their opinions due to inexperience with Western discourse, fear of political, social or economic repercussions or a variety of other reasons. Addressing this rubber-stamp approach might involve capacity building and additional preparation of participants, conducting meetings in more comfortable environments (i.e., rather than bringing rural villagers to the city for a discussion, conducting the discussion on their "home-turf"), and allowing more time for thought and reflection. While most development services pay lip service to these ideas, their implementation is often constrained by straitjacket notions of efficiency and expediency.

This discussion leads directly into ideas about changing the process of South-South cooperation. Transformation of this process is fundamental for the creation of a new ideological foundation for South-South cooperation, as well as for establishment of a new development paradigm. This is where the bonds for shared ethics are formed. The process is absolutely critical because, by determining the terms of cooperation, it not only links the actors in meaningful activities but influences whether the South-South model is reactionary or forward-looking. Edgar Pisani highlights the role of process: "Democracy is not imported; it is won and invented at the same time... The South must know that it has the choice between two paths: imitation, which means deculturation and submission, and invention, which is control of oneself and a bridled revolt against the troubles of the world."[16] Focusing on the process will allow the South to stop merely resisting or recycling failed development schemes manufactured under the paradigm of modernity and enable it to engage in creating and spreading its own ideas and dreams.

On one level, the process involves activities that frame and guide interaction among the various actors. Careful thought must be given to defining and implementing activities that are not too narrowly constructed or focused solely on some economic or technical matter. Rajni Kothari suggests an activity that should underlie all others: "The dialogue that has not even begun and has long been overdue is the dialogue with the people: and then, the dialogue between the diverse peoples, first in the South, then across the South and the North."[17] The initial dialogue should explore what "development" means in the modern world. Is it simply about Coca-Cola and Nike shoes or is there something more? Under "sustainable development," what are we trying to sustain and for whom? If the peoples of the South do in fact crave Coca Cola, is it because of their innate human nature or because of a glitzy marketing campaign coupled with a lack of viable alternatives? The rat-race pace and "on the edge" lifestyle of modernity prevent people from "thinking" about these types of questions as they are consumed with "surviving". Modernity creates an amoral world of contentment which allows people to ignore present disparities and future consequences. Our role as development facilitators should be to: 1) continue to expose the linkages that comprise, and harmful social and cultural by-products that stem from, modernity; 2) challenge the ignorant bliss, rationalized immorality and self-indulging egoism of peoples throughout the world; and, 3) work with the peoples of the South in formulating and posing these types of difficult questions and in creating and reflecting on their own answers.

Alternatives to Modernity

How should we support this process of inventing new alternatives to modernity?

Rather than having the wants and needs of peoples throughout the South defined for them by some high-powered Madison Avenue marketing firm or Harvard intellectual, creative forums should be encouraged which help to facilitate among these peoples, dialogue concerning their aspirations for themselves, their children, their communities, their countries and their planet. Their aspirations must constitute the basis for shared ethics. The shapes that these creative forums take should be very different in various social, political and cultural contexts, and at different points in time, as the peoples of the South design and organize their own forums. Mass reproduction of a pre-fabricated forum must be avoided. However all forums must attempt to facilitate a human connection, serving as a space for exploring and rebuilding natural historical and cultural ties, negotiating differences, building moral and ethical frameworks and creating developing alternatives. Dialogue must be grounded in rebuilding the principles of trust, mutual respect and sacrifice among human beings by encouraging the formation of symbiotic relationships (rather that ultra-individualism). If South-South cooperation is to strengthen human and cultural connections among the peoples of the South, to expand their imaginations and to highlight a shared ethic and trust, it must more definitively support activities such as music, literature and films. Economics and lack of education (not formal education but an education that leads to openness to new ideas and an appreciation and toleration of differences) stand in the way. As situations are constantly changing, overcoming these barriers demands a more dynamic model that supports ongoing communication, creation and experimentation. This implies providing ample time and resources, both material and intellectual. Such an approach means that modern notions of efficiency and quid pro quo arrangements must be relinquished, since the process of building genuine bonds among peoples is a long, arduous and expensive one.

Changing the process also involves ongoing critical self-reflection and modification. It will be important to continuously evaluate who is framing or defining the activities, as well as the overall ideological direction, while at the same time further developing an understanding of modernity. The frameworks and tools that exist for engaging in this process are extremely blunt and unwieldy and are likely to force a certain set of predetermined priorities and outcomes. For example, the ideological frameworks of race, gender and class, which are closely held in the hands of the intellectual elite, provide a very narrow perspective on much more complicated linkages. Another example is the emphasis on quantitative indicators (the reliability of which is always suspect) which not only fail to capture the nuances of particular relationships but stifle creativity and vision by limiting analysis and discussion to what is historically or currently quantifiable. Furthermore, existing tools do not facilitate use of the extensive information and communications networks that are now available. Information is interpreted and pre-packaged before it is distributed. It is allowed to overwhelm and delink people rather than to help connect and stimulate them. The process must therefore also be geared towards producing a set of complex and dynamic analytical tools and frameworks that are made accessible to the peoples of the South.

In conclusion, modernity is an extremely seductive paradigm. Like a slick salesman, it has evolved a tremendous power to charm people all over the world into believing that not only do they want a certain materialistic lifestyle, but that they need this lifestyle, even though they know deep down that it is morally wrong because of its destructive impact on human relationships, intellectual and cultural creativity, the environment — the list goes on and on. If we look back at the questions in the opening paragraph, we see that South-South cooperation has not only failed to elucidate these relationships, it has unconsciously supported them. Both the ideology and model have failed to contribute to the creation of viable development alternatives. And in addition, they now stand in the way of creating a new development paradigm. The time has come to acknowledge the need for new approaches to South-South cooperation. Although the challenge awaiting us appears overwhelming, we must not let ourselves be paralyzed by it — the tools (human imagination and technology) available for meeting this challenge are equally powerful. As both development advisors and peoples of the South, we must not resist experimentation out of uncertainty, cynicism or fear of failure. Rather, we must embrace and nurture it out of promise, hope and belief in the fairness of the world and the goodness of human beings. If history has taught us anything, it is that not only is change possible, it is inevitable. ◆

FOOTNOTES

NOTE: Expanded and completed text for Footnote #7: Watts, Michael and Prid, Allen Eds. 1992. Reworking Modernity: Capitalisms [plural, correct] and Symbolic Discontent. New Brunswick: Rutgers University Press.

[1] South Commission. 1990. The Challenge to the South: Report of the South Commission. New York: Oxford University Press (p.8).

[2] The South Centre. 1993. Facing the Challenge: Responses to the Report of the South Commission. London. Zed Books (p.71).

[3] Facing the Challenge (p.120).

[4] The Challenge to the South (p.12).

[5] Facing the Challenge (p.70).

[6] Facing the Challenge (p.64).

[7] Watts, Michael. 1993. Reworking Modernity.

[8] Facing the Challenge (pps.87-88).

[9] Facing the Challenge (p.118).

[10] The Challenge to the South (p.1).

[11] Facing the Challenge (p.5).

[12] For a more detailed discussion of this, see South Centre. 1992. "The United Nations at a Critical Crossroads: Time for the South to Act."

[13] Facing the Challenge (p.68).

[14] Waldrop, M. Mitchell. 1992. Complexity: The Emerging Science at the Edge of Order and Chaos. New York: Touchstone Books (p.12).

[15] Van Peursen, C.A. and Doeser, M.C. Eds. 1985. Development and its Rationalities: Philosophical and Cultural Aspects of the Concept of Development. Amsterdam: Free University Press (p.29).

[16] Facing the Challenge (pps.98-99).

[17] Facing the Challenge (p.90).

South-South Cooperation and

In this interview, Ramadhar, of the Food and Agriculture Organization of the UN (FAO), talks of the relevance of South-South cooperation in today's global context and discusses measures to impart a fresh vigour and impetus to the process. He is interviewed for *Cooperation South* (CS) by Eugene Rizzo, a freelance journalist based in Rome. Ramadhar is the chief of the FAO unit responsible for coordinating technical and economic cooperation among developing countries and had earlier worked with the Government of India in various capacities in agriculture and rural development.

CS: ***What role do you envisage for South-South cooperation in the context of the emerging global scenario, particularly in the field of development cooperation?***

Ramadhar: South-South cooperation is not something new; what is new is its acknowledged value as an effective tool for the national and collective self-reliance of the developing countries.

The process of decolonization during the present century had a profound political, economic and psychological impact and acted as a strong stimulus to South-South cooperation. Anti-colonial movements supported one another. With the achievement of independence was born a sense of national dignity and mutual partnership. Issues of national development came to the fore. Many developing nations found themselves short of trained professionals, experienced administrators, skilled technicians and financial resources. Experience showed that the technology offered by the developed countries was often not appropriate to the circumstances in the developing countries. There was a general recognition of the need to make the fullest use of the capacities, indigenous skills and resources of the developing countries. South-South cooperation was seen as an effective instrument for national capacity-building.

When the Afro-Asian nations met at the Bandung (Indonesia) Conference in 1955 and recognized the urgency of promoting economic cooperation among themselves, they signalled a trend which was to have a profound influence on future international cooperation. The founding of the Non-Aligned Movement (NAM) in 1961 and of the Group of 77 (G-77) in 1964 accelerated the developing countries' drive for collective self-reliance. The Buenos Aires Conference on Technical Cooperation among Developing Countries (TCDC) in 1978 and the G-77 meeting in Caracas on Economic Cooperation among Developing Countries (ECDC) in 1981 made landmark recommendations. Promotion of TCDC and ECDC came to be recognized as the responsibility of the entire international community, while the primacy and leadership role of the developing countries was maintained.

Current global developments have given added impetus to South-South cooperation. The resources available for development cooperation are declining in real terms. This of course underlines the problems within the donor countries — problems of sluggish economies, recession and unemployment. With the decline in resources for development assistance and the preoccupation of the major donors with their own economic problems, the developing countries are looking for innovative and cost-effective technical cooperation modalities and are reassessing their own capacities and potential to help one other.

There is also serious reappraisal of development patterns followed so far. Questions are being raised on the long-term sustainability of project results and their impact. In order to be sustainable, the pattern of development cooperation must be in conformity with the history and culture of the people that are supposed to benefit. There has to be an active and meaningful people's participation at all stages. A durable impact can be achieved only through the meshing of national effort and international support. South-South cooperation seeks to link countries on the basis of their shared social and cultural values.

*CS: **What are your ideas for giving a fresh and reinvigorated stimulus to South-South cooperation?***

Ramadhar: South-South cooperation is primarily a matter for the developing countries and should be recognized as such. It is they who have the main responsibility for planning and implementation. Then there is a need to accept it as a strategic objective

the New World Order

of national policy and to promote it among all sections of the population — what the South Commission calls the "South consciousness." This realization, this consciousness should become a pervasive phenomenon in the developing countries. Not only government functionaries but parliamentarians, intellectuals, universities, media, non-governmental organizations, chambers of business and trade and associations of professionals — all should be involved. This wider participation of people from all segments of the population will generate an atmosphere conducive to the integration of South-South cooperation in national activities and bilateral contacts.

The efforts of institutions, associations of business people and other professionals, as well as non-governmental organizations, can complement government endeavors. Intercountry networking of these interests will significantly contribute to the realization of South-South cooperation potential.

An important prerequisite to South-South exchanges is finance. Intercountry activities will require suitable allocations in the national budget. Fiscal and monetary policies can also favour such exchanges, for example, by exempting imports and exports of equipment and material from taxation and duties.

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Commitment by Governments in the South

Along with this national consciousness, and spurred by its momentum, national governments need to put into place operational mechanisms in support of South-South cooperation. National focal points with responsibility for coordination and overall management should be adequately staffed and funded. A network of sectional focal points in the technical ministries will ensure permeation of the South-South approach in their activities. This approach need not be confined to the central government level. In some developing countries, establishment of departments of foreign aid and economic cooperation in the provincial governments has achieved remarkable results. In one particular case, such a bureau within the provincial agriculture department, under the overall policy and guidance of the central government, established and managed farms in another developing country.

I should hasten to add that it would be wrong to think that the developing countries will be able to derive the full benefits of South-South cooperation without assistance from the international community. South-South cooperation complements North-South cooperation. Technical and economic cooperation among developing countries has received universal approval. The report of the South Commission has been endorsed by the General Assembly of the United Nations. Donor support to a number of regional and sub-regional activities confirms donors' recognition of the merits of intercountry collaboration in solving common problems. An accelerated effort in this area will be of great help to the developing countries.

There are two other areas which require particular attention. Information on the capacities of the developing countries needs to be documented and disseminated widely. International organizations can play an important role here. FAO is putting particular emphasis on this and there has been close collaboration with UNDP. Some developing countries have prepared compendia of their capacities and needs as part of intergovernmental TCDC programming exercises. These have proved to be very useful. Many developing countries have achieved remarkable success in various fields and there are important lessons to be learnt from their "success stories." Documentation on Asian success in four areas is already available: hybrid rice technology in China; tilapia fish culture in the Philippines; baby corn production in Thailand; and dairying in India.

The second issue is a related one. Even where the information is available there is a lack of awareness, or inadequate awareness, concerning TCDC/ECDC mechanisms and operational procedures. To those used to the traditional technical cooperation modalities, TCDC/ECDC at first appears unfamiliar and somewhat cumbersome. Orientation of national staff, institutions and NGOs on TCDC/ECDC policies and procedures can make a big difference. Equally important is the sensitization of staff of the multilateral and bilateral organizations engaged in technical cooperation activities.

CS: What is the best approach in your view to sensitize officials and technicians on the advantages, procedures and mechanisms of TCDC?

Ramadhar: FAO, UNDP and other organizations are using approaches which suit their particular fields of competence. Guidelines, handbooks and newsletters all

have their sensitization value and should continue to focus on concrete activities and practical measures. Orientation workshops, however, have a definite advantage: they permit interaction and dialogue. Regional sensitization workshops have their merit but their size sometimes detracts from a focused approach. They are generally attended by national TCDC focal points. TCDC priorities and concerns often fail to filter down to the technical ministries responsible for planning and implementation of technical cooperation activities. National workshops with a wider participation of officials, institutions and people's organizations would be ideal. It will, however, take a long time to cover all the developing countries, given their number. I would therefore prefer a sub-regional approach based on socio-economic and agro-ecological similarities. This approach could be based on the established sub-regional groupings, as appropriate, and involve them in the planning and conduct of workshops. For example, FAO and UNDP are collaborating in exploring the possibility of a TCDC sensitization workshop for the Lusophone countries in Africa.

Solutions Must Be Tailored

We have to recognize that no single approach will be good enough for all situations. From our own experience we have found that the orientation of National Project Directors and Programme Officers in the UNDP and FAO country offices has produced satisfactory results. FAO has also incorporated TCDC as an item in field level seminars on project formulation, implementation, evaluation and monitoring and has found this very useful.

Sensitization of the other staff of the United Nations development system is equally important. We have already organized two TCDC orientation workshops for FAO Headquarters staff and intend to continue with the process and involve Regional Office staff as well.

*CS: **Once you have organized these sensitization workshops, how do you think TCDC will "take off" in actual practice?***

Ramadhar: As I have just mentioned, inadequate understanding of TCDC procedures and mechanisms has been among the major constraints to the permeation of TCDC in programmes and projects. Technology transfer workshops, training, study tours and information sharing within the framework of TCDC are desirable. The full potential of TCDC, however, can be realized only if it becomes an integral part of technical cooperation activities. In this connection, I would like to refer to the UN Economic and Social Council (ECOSOC) Resolution of 30 July 1992. The resolution calls upon all parties in the development effort to make concerted, planned and vigorous endeavors, inter alia, by giving full support and first consideration to the use of the modality of TCDC. What this modality, in actual practice, means is the tapping of developing countries' capacities in obtaining programme and project inputs (experts, training facilities, equipment, etc.) under participatory and cost-sharing TCDC arrangements.

It is obvious that unless national staff are equipped with the necessary skills to consider and, wherever feasible, include TCDC in the design and implementation of technical cooperation activities, the full potential of TCDC cannot be realized. The sensitization process is a key factor in national capacity-building in that it enables governments to choose the option of using an innovative and cost-effective modality like TCDC.

*CS: **You have talked about issues at hand. What agenda would you suggest for priority action to promote and operationalize TCDC, particularly in food and agriculture?***

Ramadhar: TCDC, first and foremost, is the responsibility of the developing countries themselves. They have to set the priorities and lead the process. The United Nations development system no doubt has a role but this role is supportive and catalytic. In talking of the agenda for action one has to remember this basic fact. Moreover, technical cooperation needs are generally country-specific; they need to be matched with the capacities available in other developing countries. One can, however, discern some common patterns. There may also be areas which lend themselves well to a TCDC approach. Shared problems are best tackled through joint action. Agriculture is one sector which is ideally suited to TCDC. The acceptability of agricultural technology depends heavily upon its compatibility with environmental conditions. Transfer of such technology is much more likely to be successful within or between zones with similar ecological conditions.

Potential for TCDC in Food and Agriculture

As to your specific question on priority action for TCDC in the field of food and agriculture, I would like to approach it from two angles. The first concerns the operational mechanisms. National capacity to plan and implement TCDC in food and agriculture depends on a strong sectoral focal point in the relevant ministry, with requisite financial support. The development and dissemination of information on available sources of expertise, including information on practical experiences and success stories, require particular attention. Inter-country training of agricultural technicians and scientists, as well as promotion of associations of professionals, non-governmental organizations and farmers, are other areas. Networking and twinning between agricultural research, training and extension institutions facilitate the optimum use of available resources and avoid duplication, and there are many examples of such arrangements.

The transfer of technology, through the use of experts from one developing country to benefit another developing country, is quite important. In this connection the initiative launched by the FAO Director-General, Dr. Jacques Diouf, concerning the use of experts within the framework of TCDC is very significant. The FAO Agreement enshrines the principles of participation and cost-sharing which are cardinal to the spirit of TCDC. The scheme has received an enthusiastic response from the developing countries and by the end of February 1995, more than 50 countries had signed the Agreement. A similar Agreement has been proposed by the Director-General on the use of experts for technical cooperation among countries in transition. The scheme has been welcomed by the countries in transition and four have already signed.

Your question can also be approached from another angle, i.e. the specific activities which require priority attention within a TCDC framework. While these will be dictated by the specific needs of the countries, and by matching these needs with available capacities, I will mention a few broad areas.

Nearly 800 million people in the developing world are still plagued by hunger and malnutrition. Food security, therefore, has to receive priority consideration. Increased food production is the key to food security. TCDC offers considerable promise in raising production of food crops, livestock, fish and forests. There are valuable lessons to be learnt from the "green revolution" in Asia and Latin America.

The scope for technology transfer and information sharing is considerable in these related areas: inputs supply, credit and marketing mechanisms, price policy, farm equipment and irrigation systems, soil conservation, rural energy, transboundary animal and plant diseases, post-harvest handling, processing and storage and so on. Countries can also learn from each other when it comes to developing national capacities in food security policy analysis and planning. Regional mechanisms for food reserves and the development of joint ventures in transport, input production and procurement, as well as in agricultural processing industries, offer considerable scope for technical and economic cooperation among developing countries.

Another potential area concerns rural employment. In many countries unemployment in rural areas has reached an alarming level. This has resulted in a massive exodus to urban centres. At the same time, a number of developing countries have gained valuable experience in creating job and income-generating opportunities through rural enterprises. These experiences need to be disseminated and shared.

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Finally, traditional technologies practiced in many countries could be suitably adapted to the situations of other developing countries. An example is the terracing and agro-forestry system developed by the Konso people of southern Ethiopia. Another is the pit and mulching technique used by the Matengo of south-east Tanzania. Such traditional natural resource conservation systems could be married with modern methods and readily transmitted through TCDC channels. ◆

Changes in International Cooperation

Claudio Herrera, *Associate Director of Chile's Agency for Technical Cooperation, describes the emergence of various forms of international cooperation, including new ones that are increasingly relevant in today's changing world.*

At every stage of international cooperation there has been a symmetry between the worldwide political situation and support for and commitments to global technical cooperation. Within the constantly moving and changing pattern, opportunities for cooperation emerge, institutions grow stronger or disappear, the modalities and protagonists change, and financial resources and their uses are redefined.

The 1960s and a good part of the 1970s were characterized by the international community's efforts to promote initiatives to ensure economic growth, and to support national and regional development processes that would create modern conditions in the countries of the "third world." This was supposed to allow those countries to attain the living standards of the industrialized world. This model was tied to the belief that mechanical accumulation of resources and indiscriminate transfer of "modernizing factors" from the rich countries to the underdeveloped ones would close the vast gap between them. It gave rise to a pattern of international cooperation which, while it mobilized and transferred a large volume of financial resources, was markedly vertical, from North to South, and aid-oriented. It failed to secure the full commitment of those receiving the aid to attaining its intended goals.

From the middle of the 1970s onwards, when it became apparent that the proposals of the "golden '60s" were not viable, the developing countries began to react. They aimed to achieve a more politically appropriate and systematic participation in international matters in order to ensure that specific concerns and roles of the "third world" would be more fully taken into account. In the field of cooperation this meant greater emphasis on multilateral mechanisms, the emergence and/or strengthening of regional policy arrangements, proposals for structural reform of the international economic order, the focusing of aid on overcoming poverty and greater emphasis on generating indigenous capacity both nationally and regionally.

Perhaps the most substantive consequence of the above was the espousal of the concept of the "South" as something necessarily different from the "North," which gave the international system as it had been known up until that time new meaning and an added dimension. The quasi-absolute truths of existing models began to be questioned as new approaches to dealing with the major global challenges emerged. Where cooperation was concerned, the need for developing countries to cooperate with one another, and to trust in their own capacities to attain their national objectives was explicitly stated. This constituted a major change in international cooperation's purposes and resources, as well as in the actors involved. The United Nations Conference on Technical Cooperation Among Developing Countries, held in Buenos Aires in 1978, was one of the most important expressions of this new trend.

The Buenos Aires Plan of Action that emerged from that conference provided basic guidelines for promoting South-South cooperation; but above all it reflected the change that had taken place in the international debate, and the developing countries' new awareness of their specific strengths and their role in the community of nations. The Plan's recommendations, whether at the national, regional, inter-regional or worldwide level, all aim to stimulate the developing countries' own capacities and, through South-South cooperation, to provide a means for taking advantage of opportunities for horizontal cooperation among countries and regions which had until then been predominantly involved in vertical cooperation.

The systematization of South-South, horizontal cooperation, "cooperation among the poor," or TCDC, as it came to be known

in United Nations terminology after the Buenos Aires Conference, was a vital step in the rethinking of cooperation. It was also a powerful tool for international participation by the developing countries, and one which, at least in part, made it possible to reduce the extremely negative effects of the international situation that prevailed during the 1980s.

These years, also known as the "lost decade," were characterized by a widespread crisis within the international economic system that resulted in a significant drop in aid flows, and in new conditionalities on the part of donor countries. While the decrease in the overall mobilization of financial resources cannot be said to have been counterbalanced by horizontal cooperation, those years did witness a strengthening of the idea of cooperation among developing countries, as well as the emergence of new operational structures, modalities, instruments, resources and protagonists that not only filled the gaps left by vertical cooperation but also continue to shape a new, participatory approach within the international community.

Model in Transition

Any development process involves the emergence of new problems, aspects not previously considered and changes in the relative priority assigned to issues. There is thus a need to be open to changes in policies and procedures in order to be able to deal appropriately with emerging realities.

Though still in the midst of transition, the model of international cooperation toward which we are moving today focuses predominantly on sustainable development, promotes investment in human capital, emphasizes the management of development as a modern process, and makes the whole range of development support initiatives and financial flows contingent upon democracy, trade, the size of the state and the strength of private initiative.

One of the most significant changes that has taken place in the world of international cooperation is the appearance of a group of countries which have reached an economic and technical level midway between the developing and industrialized countries.

Likewise, the model aims at promoting more active participation by both public and private agents and encouraging regional activities and physical integration programmes. Foundations, corporations, universities, non-governmental organizations and private networks are seen as the most suitable bodies for transforming international cooperation commitments into tangible and measurable realities.

The model is complemented by the growing professionalism the developing countries have been acquiring insofar as cooperation is concerned. This has been accomplished through the creation of institutions appropriate to their needs and objectives, such as cooperation agencies or similar mechanisms, and the training of human resources capable of meeting the challenges that are bound to arise in the near future.

In recent years there has been a major change in the concerns of the traditional donor countries. It is now easy to recognize their aim of linking international cooperation increasingly closely to the promotion of direct investment in the recipient country, and thereby promoting production and trade geared to strengthening the existing international economic order and securing more or less voluntary adherence to the existing domestic and external market economy system.

Likewise, it is apparent that the emerging cooperation model emphasizes initiatives that relate to the sale of technology, know-how, equipment and organizational methods, and focus on trade relations and policy agreements, seeking to establish package deals rather than project-by-project negotiations. This new approach by the industrialized world sees cooperation as an ongoing and integrated process in which the issues, modalities, instruments and protagonists are totally interdependent.

It must also be recognized, and indeed emphasized, that the changes on the international scene have been producing new forms of linkage and dialogue between countries of the North and the South. This has enhanced the role of the developing countries, the cooperative relations among them and the development of new modalities through which the efforts of both sides can be combined in order to make more effective use of human and financial resources.

Two New Modalities

One of the most significant changes that has taken place in international cooperation is the emergence of a group of countries which, while sharing the problems and challenges of the rest of the developing world, are at an economic and technical level that puts them in a distinct category midway between the developing and the industrialized countries.

A number of countries in various regions, but especially in Asia, Eastern Europe and Latin America, have undergone this gradual change in international status and position. These "middle-level" countries are giving rise to a new and interesting discussion within the United Nations system and they will undoubtedly have a very significant role to play in drawing up and implementing the next global agenda.

This situation has not gone unnoticed by the developed countries, which have followed its progression very closely and initiated talks with many of the countries in question, on a bilateral and multilateral basis, in an attempt to agree on aid initiatives to benefit the relatively less developed countries.

It was the Nordic countries that first studied and made use of these new opportunities for international cooperation, followed by other countries in Europe, the European Union, the United States and Canada. Now all bilateral and multilateral sources are involved. Even Japan, whose operational structure in relation to cooperation policies and projects is extremely complex, has initiated an in-depth study of the opportunities offered by incorporating the capabilities of countries at an intermediate stage of development into its future international assistance programmes.

While these "new" modalities and instruments are still taking shape, some of them have already proven viable and offer great promise for the future, namely "shared cooperation" and "triangular cooperation."

Shared Cooperation

Although no full definition that includes all of the elements comprising shared cooperation yet exists, it may be described as a joint initiative by two or more bilateral, multilateral or multi-bilateral cooperation sources for the conduct of a given project in and for a third, recipient country.

Shared cooperation has been in existence for quite a few years, practised by some industrialized donor countries that encourage a combination of bilateral efforts and programmes promoted by the specialized agencies of the United Nations, or between donor countries.

Innovative features of this new phase of shared cooperation are the involvement of developing countries capable of interacting with recognized donors, and the active participation of the recipient third country.

The aim is to promote complementarity between the cooperation programmes implemented by developing countries among one another and the programmes and support offered to these countries from bilateral and multilateral international aid sources — that is, to combine the efforts

and commitments in the form of TCDC with the ongoing aid programmes of the industrialized world.

The first distinctive element in the new modality we are seeking to promote is the involvement of at least three protagonists — two from the developing world and one from the industrialized world or the United Nations system. Combinations may vary in terms of the number of participants involved but the focus will always remain on the objectives and needs of the relatively less developed countries.

The second element relates to the inputs of the parties involved. In traditional shared cooperation aimed at benefiting third countries, the donors normally delivered packages consisting of additional financial resources, technical assistance and equipment linked to the particular programme or project. The current trend in shared cooperation involving developing countries generally consists of the less developed country providing some technical capabilities and experience and the more developed one offering financing and advanced technical capacity.

In formulating and negotiating a shared cooperation initiative, active participation by the recipient country (or group of countries) is extremely important in determining the basic objectives of the programme, the modalities, the parties involved and the instruments. Shared cooperation must not become (or be seen as) a means of distorting and/or expropriating the financing and other aid industrialized countries channel to the poorest developing countries. Support from another country of the South for a joint cooperation project addressed to a recipient in the same "world" must not be taken by traditional donors as a pretext for reducing the volume of the financial and technical contributions they provide through their regular national or regional cooperation programmes.

A successful example of shared cooperation that meets all the requirements specified above is the project on primary education in Nicaragua being carried out jointly by Luxembourg, Chile and the Government of Nicaragua. This project originated from a request the Government of Nicaragua made to the Luxembourg development agency (Lux Development) for cooperation in the construction of training centres for primary school teachers, and in the development of relevant curricula. At that time, the Governments of Nicaragua and Chile were carrying out a parallel programme of bilateral technical cooperation that included joint training in education. As a result of constant contacts among the bodies responsible for cooperation in the three countries, Lux Development, Agci-Chile and Nicaragua's Ministries of Education and

External Cooperation, the advantages and desirability of combining the efforts and resources of all parties for more rapid results became apparent. As a result, it was agreed that the Nicaraguan Ministry of Education would assume responsibility for overall coordination of the project, the Government of Luxembourg would build five teacher training centres, and the Government of Chile would take charge of developing the curricula. Each party has committed sufficient financial resources to move ahead with this important experiment in shared cooperation over the project's two-to-three year duration.

Triangular Cooperation

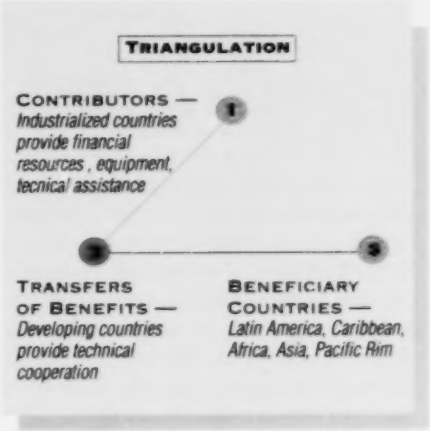
Unlike shared cooperation, this modality lacks a basis and a body of past experience from which to draw in defining its concept and promoting its sustainable development.

It may nevertheless be seen as an emerging modality that is based on the desire of some traditional donors, particularly bilateral ones, to channel a portion of their aid commitments to effective programmes already under way between developing countries.

Two important factors characterizing the current international aid situation suggest that this experimental modality may soon secure broad acceptance and application: the "fatigue" of some traditional donors with regard to the implementation, follow-up and evaluation of aid programmes; and the notable efficiency achieved by some developing countries in handling their own horizontal cooperation proposals, resources, instruments and modalities.

Thus, the idea is to see how new bilateral or multilateral financial resources from the developed world can be added to programmes and projects under way between two or more developing countries in areas of common interest.

However the concept of triangular cooperation must not be confused with the traditional sale or contracting of international consultancy services that has long been practised. Many donors have traditionally hired technicians from developing countries to participate in the fulfilment of their commitments to countries that are less developed. Donors also customarily provide United Nations system or other special


TRIANGULATION
CONTRIBUTORS — Industrialized countries provide financial resources, equipment, tecnical assistance
1
2
3
TRANSFERS OF BENEFITS — Developing countries provide technical cooperation
BENEFICIARY COUNTRIES — Latin America, Caribbean, Africa, Asia, Pacific Rim

funds with additional resources for the conduct of new international cooperation activities or the strengthening of those already under way.

In contrast, this new modality starts from a different standpoint — the existence of a prior and successful agreement between two developing countries to interact in an area of mutual benefit and interest. Traditional aid is then added in the form of additional financing that makes it possible to ensure the success of the programme under way and/or to permit its expansion to additional sectors and beneficiaries and its replicability in other countries and regions.

Thus, two elements are involved: a commitment to cooperation between two developing country Governments in carrying out programmes or projects that will advance their national and/or regional development processes; and the interest of one or more donor countries in providing "triangular" financial resources to the ongoing programme or project because they see it as consistent with their own objectives and aid commitments to the countries involved, and as a more efficient means of employing their own resources.

An example of this new modality is the support provided by Denmark for the establishment of a technical cooperation programme among the Central American countries, Chile, Cuba and the Dominican Republic. This regional programme, which has been under way for four years, received Danish financing at the outset, provided as Denmark's contribution to the countries involved in line with the Danish government's aid objectives for the subregion. The resources provided by Denmark to supplement the Latin American countries' own contributions ensured the success of the programme, as well as the attainment of Denmark's international cooperation objectives.

The process of defining both shared cooperation and triangular cooperation should be continued, especially through concrete experiments that would enable these modalities to be improved and expanded. The input the developing world makes to this debate will be of benefit to the entire international community. ◆

Technical Cooperation in Diplomacy

India's unique contribution to the strengthening of developing country diplomatic capacities is described by Ambassador* S.M.S. Chadha, *recent Dean of the Foreign Service Institute (FSI) of India, and former Director of the UNDP Special Unit for TCDC.

S. M. S. Chadha, Dean of the Foreign Service Institute with Shobhana Bhartia, executive director of The Hindustan Times.

Well over a hundred diplomats from 35 nations are alumni of the Foreign Service Institute (FSI) in New Delhi. Among them are countries as diverse as Laos and Lithuania, Mauritius and Mongolia, South Africa and Slovakia, Kyrghyzstan and Eritrea, Moldova and Myanmar. These diplomats serve today in their respective foreign offices or represent their countries elsewhere and rank all the way from Attaché to Ambassador. Some of them received their training at FSI side-by-side with diplomatic trainees of the Indian Foreign Service. Most, however, have been trained in the highly concentrated and specially designed "Professional Courses for Foreign Diplomats" (PCFDs).

Foreign diplomat-trainees began to be integrated in courses for Indian diplomats some years ago. By 1992, however, requests to FSI from other developing countries for training facilities had mushroomed to the point where it was no longer possible to accommodate the numbers in existing courses. Exclusive professional courses for foreign diplomats were then designed. Such PCFDs are now a standard feature of FSI's regular activities, and they continue to be heavily demand-driven. The demand led to FSI initiating two courses each year instead of just one. Five PCFDs have taken place in less than three years since the first exclusive course for foreign diplomats in August 1992. PCFD V, concluded last December, had 18 diplomat-trainees from as many countries, from Africa, Asia, Eastern Europe and the European and Central Asian states of the Former Soviet Union.

Considerations of quality of the courses (and limitations of capacity in FSI) usually permit the admission of only a fraction of the applicants, who are sponsored by their respective governments. FSI's response has been to limit the number of trainees from each country, rather than to limit the number of participating countries. This helps maintain a multinational flavour in the courses, in itself a desirable aspect of modern diplomatic training. An important parameter in selection has also been the *need* for such training, with priority given to countries with minimal or no training facilities of their own. The idea of "exchange" diplomat-trainees, while always an excellent goodwill-building exercise between countries, has been essentially put on hold because of increasing demands from countries for which such training is much more of a necessity. And that necessity in turn has been fueled in recent years by such factors as the emergence of new countries in the former Soviet Union and the triumph of a multi-racial South Africa.

Requests for training have often been at the personal behest of a foreign minister or other high ranking dignitary. And the "thank you" letters and notes that often follow afterwards have been a heartening experience for FSI staff (even after due allowance is made for the customary "diplomatic discount" in the exuberance of the language used.)

As in the case of India's own diplomat-trainees, course modules for PCFDs encompass all essential elements of diplomatic training. The important difference, of course, is that PCFDs are global in their approach and accent rather than India-specific — as India's own courses would be. The topics in PCFDs range, as they must, from the intellectual and esoteric on the one hand to the routine and mundane on the other. But all are relevant to the daily matters that a diplomat has to attend to in a mission abroad. Included are modules with a global orientation on core subjects such as international political and economic relations, national security, foreign trade, diplomatic practice and protocol, international law, the United Nations family of organizations, international and regional inter-governmental organizations or groupings, multilateral diplomacy and external publicity. Other courses include aspects of admin-

Foreign Diplomat trainees at FSI gather informally after completion of course.

istration, consular work, crisis management, inter-personal communication skills, representational work and familiarity with computer work. While good knowledge of the English language is a pre-requisite for admission, a one-week intensive course in special English is available in FSI's language laboratory just before the start of the course for those who request it. And several people do make such a request before each course.

Diversity of Backgrounds Enriches Training

Obviously, not all that is taught and discussed in the courses would apply in equal measure to trainees from every country. Diverse regional organizations such as the Association of South East Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC), the Southern African DevelopmentCooperation Conference (SADCC), the European Union (EU) or the Economic Commission for Latin America and the Caribbean (ECLAC), for example, would obviously have differing degrees of importance for diplomat-trainees from Viet Nam, Myanmar, South Africa, Uzbekistan or Moldova. But trainees are urged at the outset to take this into account, and to intelligently adapt what is discussed to their own country-specific circumstances. Given the diversity of countries represented, class discussions inevitably bring into focus a wealth of aspects on a given issue, adding an important dimension to training.

New Delhi offers an exceptional variety of intellectual and professional talent which is readily available to FSI. Like other urban centres in the developing world, the population of India's capital city has exploded with increasing industrialization and development and today numbers nearly 10 million. But numbers hardly tell the full story. As the seat of Government for a sixth of the human race, several hundred representatives of the people, each freely elected by well over a million people on the average, reside there for much of the year, and India's Constitutional bodies in the capital provide a fascinating insight into how the world's largest democracy is governed. As New Delhi is an increasingly important commercial and industrial centre, interactions are available with captains of Indian industries that are rapidly expanding with growing multinational ramifications. Many of them have high international profiles, having held top positions in international business organizations. The vibrant and lively independent press in India provides a refreshing insight into the manner in which freedom of the press can be put to good effect in a developing country. At the same time, when interacting with a newspaper editor, for example, trainees are encouraged to probe such aspects as the point where freedom of the press might degenerate into abuse of freedom of speech, and whether and how the fifth estate does — or does not — monitor itself. Discussions are provocative and remarkably open. Peoples' organizations and NGOs of international repute in India buttress official efforts at development in virtually every field and challenge official policies where they feel the governmental line needs to be corrected. These groups are also drawn upon by FSI. Last but not least, among those available for training programmes and other interactions are intellectuals from numerous think-tanks and world class talent in universities and specialized centres of learning.

Not surprisingly, the FSI is uniquely positioned to dynamically structure its training modules and interactions to suit the needs of special groups of trainees, keeping in mind during each session the rapidly changing global challenges that need to be addressed.

As in any course with a practical orientation, PCFDs are not confined to classroom interactions. The trainees will, for example, typically visit India's Parliament when in session, witness the presentation of credentials of an Ambassador, spend a morning at a newspaper office and have discusstions with Chambers of Commerce.

Highly concentrated and relatively brief courses have some obvious limitations. For one thing, they do not permit too much time for leisure. But the course is designed in a manner that combines visits to centres of excellence in other parts of the country, such as those in management or industry, with some diversion of tourist interest in places such as Bangalore (India's "Silicon Valley") and the seaside resort area of Goa.

No outside funding has been sought for the courses at the FSI, and PCFDs are excellent as examples of a successful and self-sustained TCDC effort. By manoeuvering available resources, both human and material, FSI has been able to provide — or arrange — practically free accommodation in New Delhi's "Institutional Area" and in the city's Foreign Students' Hostel. There is no pretense to luxury, but the rooms are clean and the space and accompanying facilities are adequate. Through networking with a large number of sister institutions in differ-

Participants honing up their skills at the Computer Room.

ent fields in New Delhi — which have spare capacity from time to time between their own courses — the accommodation is virtually free of cost. The trainees are provided with a stipend of the equivalent of just under $200 per month, which is adequate for meals and out-of-pocket expenses at their places of stay. The financial outlay, therefore, is minimal.

International Dimension Added to Local Know-how

As mentioned earlier, foreign trainees were not always placed in exclusive courses at FSI. When FSI first began to receive requests from foreign countries to help train their diplomats, a few were added to the group of India's own trainee-diplomats. To maintain quality, however, such courses could be no larger than 20-25. Since the Indian Foreign Service Probationers (as fresh Indian entrants are called, before they take over as Third Secretaries a year later) already number 12-15 each year, there were obvious limitations to the numbers of foreign trainees that could be accommodated. Also, since many of the courses for the Probationers were India-specific, and not necessarily of professional interest to foreign diplomat-trainees, there was an obvious qualitative limitation to existing courses as a training exercise for foreigners, as distinct from an exercise in international goodwill alone. The attempt, for the duration of the joint course, therefore, was to have modules of a global (rather than India-specific) relevance. The camaraderie and goodwill — and in some cases abiding friendships — built up between diplomats of different countries was heart-warming. It was in a sense unfortunate, therefore, that increasing demand from abroad could only be met by exclusive courses for foreign diplomats. Nevertheless, modules for PCFDs are still designed in a manner that permits at least a few interactions in common with Indian counterparts, notably with speakers of eminence in participants' respective fields, such as environment or the press.

FSI is well established as a training institution for the needs of the Indian Foreign Service. Several courses are held each year for hundreds of trainees of different categories, ranging from refresher courses for Indian Ambassadors and Consuls General and Commercial Counsellors in missions abroad to courses for fresh entrants to the Indian Foreign Service, spouses of diplomatic officers, officers concerned with protocol in state governments in India and non-diplomatic staff members proceeding abroad. The Institute is headed by one of the four Secretaries in the Indian Ministry of External Affairs, an officer of the highest rank of Ambassador. He or she is assisted in turn by several officers, two of them of the rank of Ambassador.

FSI is permitted a good deal of freedom in arranging its courses and modules, and that facilitates the incorporation of innovative concepts and ideas from one course to the next. Trainees in PCFDs are encouraged not to confine their remarks and suggestions merely to those complimentary to FSI, and constructive criticism from many of them has helped improve course content and methods. Additionally, continuing interactions of FSI faculty with related centres of excellence, and with individual intellectuals in diverse fields in India and abroad, help towards an open academic orientation, even as FSI pursues practical training goals for a target group.

FSI has been located for several years in the heart of New Delhi's posh diplomatic enclave at the former Akbar Hotel (now Akbar Bhavan). The several halls and other facilities, such as the computer training centre and the state-of-the-art language laboratory, are conducive to excellent training programmes. Still, there is no substitute for the FSI having its own dedicated premises, a goal now underway, with construction expected to begin in the middle of this year. The equivalent of $6 million has been budgeted for construction, not counting the land, which has been allocated by the Indian government. Aside from the most modern facilities for training, FSI in its new premises will have adequate accommodation for the stay of trainees and staff on campus, as well as in-house recreational facilities such as tennis courts and a swimming pool.

Wars often follow the failure of diplomacy. This century is replete with reminders that, despite the advance of "civilization" and "modernization," avoidable human suffering emanates all too often from a lack of understanding among nations and peoples. Relatively recent flash-points in Eastern Europe and the heart of Africa, for example, and ethnic and fundamentalist resurgence in many parts of the world are sad reminders of the re-tribalization of the human race. Billions have been spent in this century on wars; to destroy, to kill and to maim. Additional billions have been spent on national and international efforts to clear up the debris of human conflict and for peace keeping. Suggestions have surfaced that the world should also use its resources for "preventive peace making." If efforts to that end achieve even a semblance of success, they would help mitigate the enormity of human suffering and tragedy that history, and this century in particular, have witnessed. To foster better understanding among peoples — and especially the diplomats who represent them — will be an important element of any such effort. ◆

tCDC-INRES:
at your fingertips!

UNDP continues to improve and upgrade the TCDC Information Referral Service, or TCDC-INRES. Atsede Worede Kal, the SU/TCDC Information Services Officer responsible for managing the information system, reports on the latest technological leap forward. TCDC's new INRES-Lite system brings the database to the computer screens of individual users throughout the world.

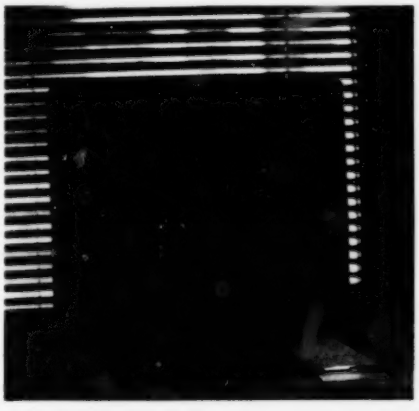
SU/TCDC has the unique responsibility — and opportunity — to foster international development cooperation by promoting maximum use of the TCDC modality. Among the most valuable resources made available by SU/TCDC for this purpose — yet still an under-appreciated and under-utilized UNDP service — is the Information Referral System for developing countries, known as TCDC-INRES.

INRES is the most comprehensive database exclusively dedicated to cataloguing and providing instant access — at the stroke of a computer — to training and expert services available in the developing world. Yet even after nearly two decades of continuous refinement and improvement, and most recently, its availability on desktop computers in over 130 countries throughout the world, INRES remains surprisingly underutilized by all but a select group of knowledgeable users.

The range of organizations targeted by INRES as potential beneficiaries of the system spans a wide spectrum:

- Businesses, non-profit organizations, individuals and government agencies in developing countries needing consultancy services or seeking training opportunities for their staff can easily take advantage of the massive information maintained in INRES.
- Government ministries, agencies or departments can use INRES to identify qualified contractors or facilities offering training for development projects. Indeed, INRES can also serve as an excellent source of information to developing countries on their own national institutions' capacities.
- Institutions and the private sector can use INRES to find potential partners for business ventures or joint research projects.
- Other agencies within the UN system can use INRES, alongside the databases they maintain themselves, to identify contractors to participate in technical cooperation projects. Although INRES at the moment does not contain the name of individual experts, it contains information on institutions where experts are available and the specific fields in which they work.

INRES was launched in 1977 with the publication of the "Directory of Services for Technical Cooperation among Developing Countries." Copies of this directory were distributed from UN headquarters.



The opportunities provided by INRES have been made ever more attractive through a continuous process of upgrading and improvement. Hence, in response to mandates from the UN General Assembly, INRES was modernized in 1984 through automation on a mainframe computer. When this method, in turn, was found to be too centralized and inflexible, it was replaced by a PC-based system in 1989. INRES was re-thought and revamped yet again in 1993 through use of the Microsoft Access Data Base Management System — making the database both "user friendly" and suitable for mass dissemination.

New Software Provides Instant Data Base

Last year, SU/TCDC broke further new ground with the creation of "INRES-Lite." This new PC-based format was distributed in late 1994 to over 350 beneficiaries worldwide, making INRES data available literally at the fingertips of its users. INRES-Lite contains the full set of the data previously maintained in the main database, presented in the software known as "Folio Views." Attractive features of the new INRES-Lite include:

- A powerful on-line query capability;
- A multilingual thesaurus making it possible to cross-reference enquiries instantly in three languages: English, French and Spanish;
- Distribution in a nine-disk package available in two PC environments — DOS and Windows — and working both on standalone and local area networks.

In the spirit of TCDC itself, INRES is meant to be used by every national and international organization involved to any degree in the development field. To encourage the widest possible distribution of INRES-Lite, the SU/TCDC has ensured that the resource is free of limitations restricting the free and open transfer of intellectual property rights. In this spirit, all organizations receiving the new INRES-Lite are encouraged to copy and distribute the software at the sectoral and departmental level.

The next wave of the future? To provide worldwide and real-time access to INRES, preparations have already started to offer access to INRES on the *Internet*. Watch this space for further details in the not-too-distant future!

Meanwhile, how does the INRES system keep data relevant and up-to-date? Institutions listed on the INRES files are specifically certified by national governments, which guarantee that they have adequate capacity and expertise to offer professional services for technical cooperation projects. Meanwhile, the SU/TCDC headquarters office, together with UNDP country offices and governmental TCDC focal points, continues to make significant efforts to bring about qualitative improvements in the INRES database. This is true not only in terms of institutional coverage and capacity but also — of great importance — regarding the currency of the data it contains and its relevance to TCDC and to overall development objectives.

Of special note is the scope of information which the INRES database provides. The institutions registered with INRES offer training and expert services in a variety of specialized fields relevant to developing countries. INRES provides a broad range of institutions offering training at different levels — from graduate and post-graduate to technical and so on. The data is also classified by subject areas relevant to development work. In addition, INRES is further cross-referenced to include professional bodies, learned societies and other organizations regularly arranging tailored training such as specialized short courses.

When it comes to subjects and topics, INRES contains information on all appropriate expert services — including education, research, industrial and administrative organizations and so on — in both public and private sectors. Further, institutions registered with INRES include government laboratories, research associations or research departments within both public and private industry and in academia and institutions of higher learning.

The sheer size and scope of the INRES database is itself a source of value. For example, users can tap information on over 11,000 training programmes and 8,000 expert and consultancy services offered by the registered institutions. As indicated above, the training and expert services cover a wide spectrum of fields relevant to developing countries. To cite a few examples, over 1,300 training programmes are offered in the field of agriculture, nearly a thousand in health, over 600 in management, 300 in economics, 300 in environment, 300 in technology and so on.

With all its benefits, the persistent under-utilization of INRES' global desktop system remains an ongoing source of concern. Its utility is regarded as self-evident by seasoned development practitioners. Among informed circles, it is well known that transfers of service and technology offered by developing country institutions are almost invariably of a standard equal to that of industrialized countries — but significantly lower in cost and, equally important, more 'compatible' and hence more easily adaptable to the needs of the institutions seeking assistance.

For those not yet convinced, enquiries about INRES are welcome at all times. Questions — or requests for the software — may be sent to on-site TCDC focal points, to UNDP country offices, or to SU/TCDC in New York. One final hint: the more specific the request, the more focused the response. In the spirit of INRES: the better the inputs, the better the results. ◆

TCDC-INRES

Matching needs with technology training expertise

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If you are seeking a development partner, or if you would like to offer the services of your agency or company to another developing country, contact the TCDC-INRES database:

■

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The emblem of Technical Cooperation among Developing Countries (TCDC) displays a symbolic bridge joining the countries and people of the Southern hemisphere. The centre of the emblem — where the Southern, Northern, Eastern and Western parts of the world join — symbolizes a further and ultimate objective of TCDC: the promotion of a truly global partnership for development.

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